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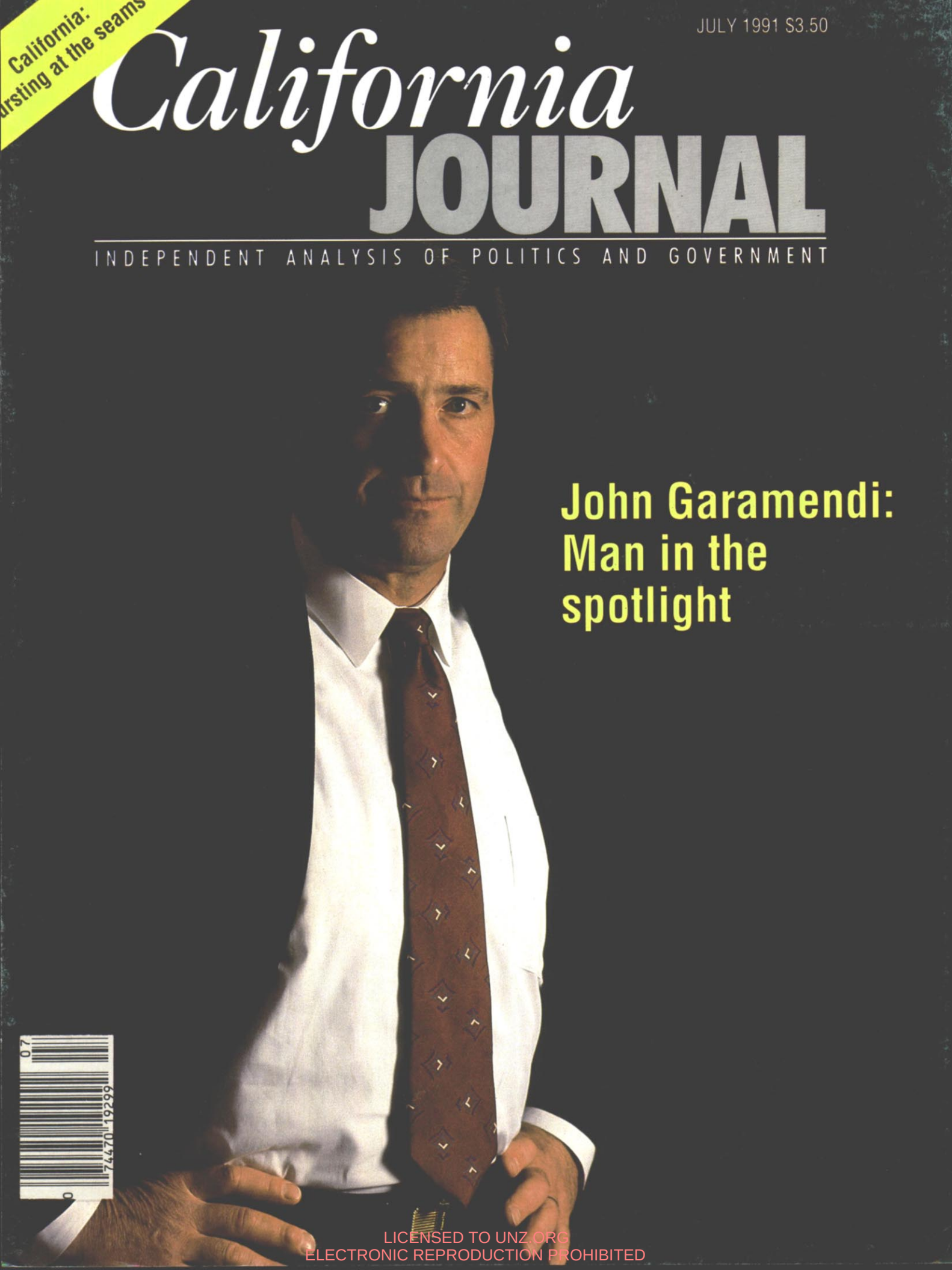

John Garamendi: Man in the spotlight

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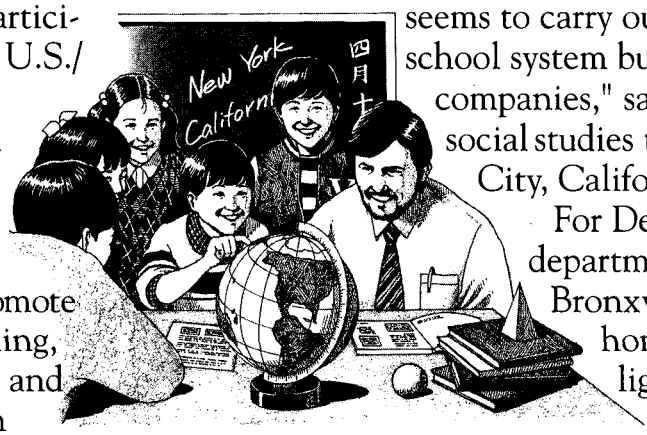
Japan and America: Where the Twain Meet

"Oh, East is East, and West is West, and never the twain shall meet," Kipling wrote long ago, and even today that saying sums up the feelings of many Americans and Japanese toward each other. But William Brinker, a high school social studies teacher from Farmington Hills, Michigan, disagrees. "The gulf between our cultures exists, but it can be bridged. We just have to work harder at understanding one another."

Brinker was a participant in the annual U.S./Japan Teachers Exchange Program sponsored by Hitachi. Now in its fourth year, this exchange helps promote mutual understanding, cultural awareness, and friendship between our societies on a personal level.



Since 1987, the program has sponsored the visits of 16 American teachers to Japan and five Japanese to the United States. Last year saw the largest exchange so far: four American and three Japanese teachers. For three weeks, they toured the sites, taught children, and lived in the homes of their hosts. For most, it was their first direct exposure to the culture they had so often taught about. Even for Brinker, who had spent time in Japan 36 years ago as a serviceman, the experience was eye-opening. "I came away with a much better understanding of the Japanese people," he says.

As teachers, the American visitors were struck by the way Japanese parents support the school system and the respect students show in the classroom. "The support and love of the family seems to carry out not only in the school system but also into their companies," says Greg Alvarado, a social studies teacher from Daly City, California.

For Delia Grogan-Selby, a department chairperson from Bronxville, New York, the home stay was a highlight of her visit. "I felt like I had parachuted into my own family, but it was Japan," she says.

Hitachi is proud to sponsor the U.S./Japan Teachers Exchange Program. We believe its positive impact will multiply as returning teachers share their personal experiences with students, colleagues, and friends at home.

For more information, write: Hitachi, P.O. Box 35146, Los Angeles, CA 90035.

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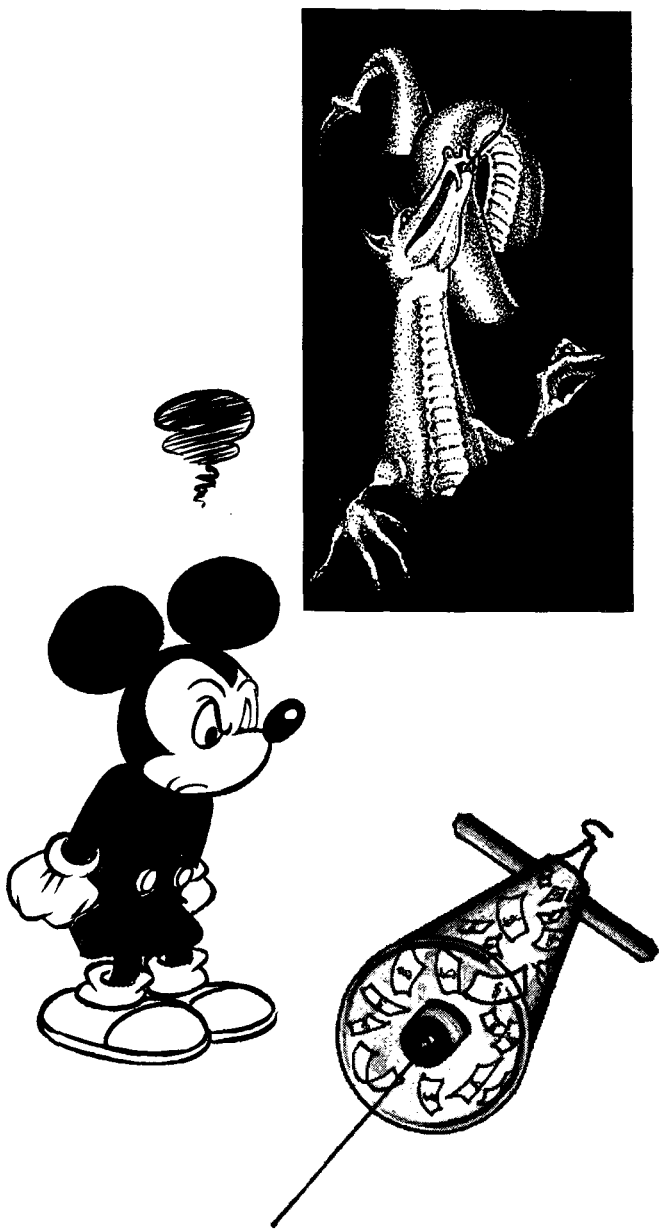

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UP FRONT

"Willie Lewis Brown, Jr. — Images of a Speakership." That's the title of a recently published, hardcover book that seems to have nothing to do with the Assembly speakership and everything to do with the current speaker's image. The 114-page volume was paid for by Brown's campaign and given out

to most of those who attended his late May, $1000-per-person San Francisco fund raiser. There is almost no text. There are, however, 142 photographs featuring Willie Brown: Willie and Ronald Reagan, Willie and Miles Davis, Willie and Sammy Davis, Willie and Willie Mays, Willie and Willie McCovey, Willie and Willie Ribbs, Willie and Jane Fonda, Willie and Elizabeth Taylor, Willie and Queen Elizabeth II, Willie and Tip O'Neill, Willie and Tom Bradley, Willie and Geraldine Ferraro, Willie and Lloyd Bensten, Willie and Mikhail Gorbachev, Willie and Ted Kennedy, Willie and George Bush, Willie and Bishop Desmond Tutu, Willie and John Glenn, Willie and Andrew Young, Willie and George Mitchell, Willie and Nelson Mandela, Willie and Bianca Jagger, Willie and Cecily Tyson, Willie and Mike Tyson, Willie and Billy Dee Williams, Willie and Cecil Williams, Willie and Mickey Mouse, Willie and Sarah Vaughn, Willie and Bill Walsh, Willie and O.J. Simpson, Willie and Orlando Cepeda, Willie and Marcus Allen, Willie and Joan Collins, Willie and Sally Ride, Willie and Jesse Jackson, Willie and Clint Eastwood, Willie and Rita Moreno, Willie and Holly Hunter, Willie and Lionel Ritchie, Willie and Donna Mills, Willie and Carol Channing, Willie and Stevie Wonder, Willie and Michael Chang, Willie and Connie Chung, Willie and Ralph Lauren, Willie blowing out birthday candles, Willie on the set of "Godfather III," Willie being sworn in as speaker, Willie laughing with colleagues, Willie parading with a steer, Willie embracing George Deukmejian, Willie embracing Maxine Waters, Willie embracing Dianne Feinstein, Willie singing and dancing, Willie spotlighted in a tux, Willie and his son, Willie and his daughter, Willie and his mother. Yow. After flipping through this book, we were so overwhelmed that we can't wait for the sequel — "Willie Lewis Brown, Jr. — Accomplishments of a Speakership," featuring photographs of Willie and Ronald Reagan, Willie and Miles Davis, Willie and Sammy Davis, Willie and Willie Mays, Willie and ...

There they stand, the Democratic Women's Forum of San Francisco, lashed to the mast of a listing ship, staring hard at the horizon, gazing — backwards. At its May 1991 meeting, the aforementioned Forum unanimously passed a resolution asking former President Jimmy Carter to run for his old job in 1992. There is no word whether Carter, trounced by Ronald Reagan in a bid for reelection in 1980, is considering the offer.

In this era of reapportionment, we note the definition of the word "district" from the "Realtor's Financial Handbook and Tables," September 1989 edition, published by the California Association of Realtors and Financial Publishing Company of Brookline, Massachusetts: "An area geographically set apart for a specific purpose, such as a congressional district or drainage district. The boundaries of one may overlap the other." And usually do.

Constituent service of the month goes to Democrat Mike Thompson, the newly elected senator from wine country. Seems Thompson was attending the posh Napa Valley Wine Auction when a woman volunteer began to choke. Another woman at her table tried to help by applying the Heimlich maneuver, but the effort failed and the victim collapsed. Enter Thompson. According to his staff, Thompson vaulted over several tables, picked up the victim and dislodged the food with a successful Heimlich.

An irreplaceable gap was created in Governor Pete Wilson's inner circle last month with the untimely death of Otto Bos, Wilson's chief spokesman, media manipulator, advisor and friend. Bos was the kind of politician reporters love. When you talked to Otto, you always felt you were getting the inside scoop on Wilson's thinking. Bos, of course, *did* know what Wilson was thinking, in part because he shaped Wilson policy almost as much as he reflected it. You came away from a Bos interview thinking you had discovered the truth, for good or ill, about Pete Wilson. He was certainly a fierce Wilson supporter, with great confidence in his boss. That confidence made it possible for Bos to admit an occasional lapse in Wilson perfection, never spoken, but with a wink and a nod. That willingness gave reporters great confidence in what Bos said. It was only several days later that you realized that,

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somehow, you had written about Wilson just what Bos wanted you to write. It was the most subtle political con job we've ever experienced. For all that, Bos was among the most beloved of press aides. He was tireless in Wilson's service, and in yours. He was funny, helpful, perceptive and honest — rare qualities in a politician and hard enough to find anywhere.

Snack attack. The snack food industry last month sponsored what had to be among the more delicious press conferences held in the Capitol in a long time. In addition to an ample supply of sponsors' wares, the conference, whose purpose was to oppose extending the sales tax to snack foods, featured more puns-per-minute than any press conference this year. New State Board of Equalization member Brad Sherman presided and, at one time or another, he said the proposed tax was "indigestible," "hard to swallow," and would "nibble away" at sales tax exemptions on other food products. Further, said it would be his board that would have to decide what is a snack food and what isn't — a decision he did not "relish" having to make. The board would have no guidelines for these decisions, and would "have to start from scratch." The general consensus from reporters present: Snack food manufacturers should quit belly-aching.

"There are few things wholly evil or wholly good. Almost everything, especially of government policy, is an inseparable compound of the two ..."

— Abraham Lincoln

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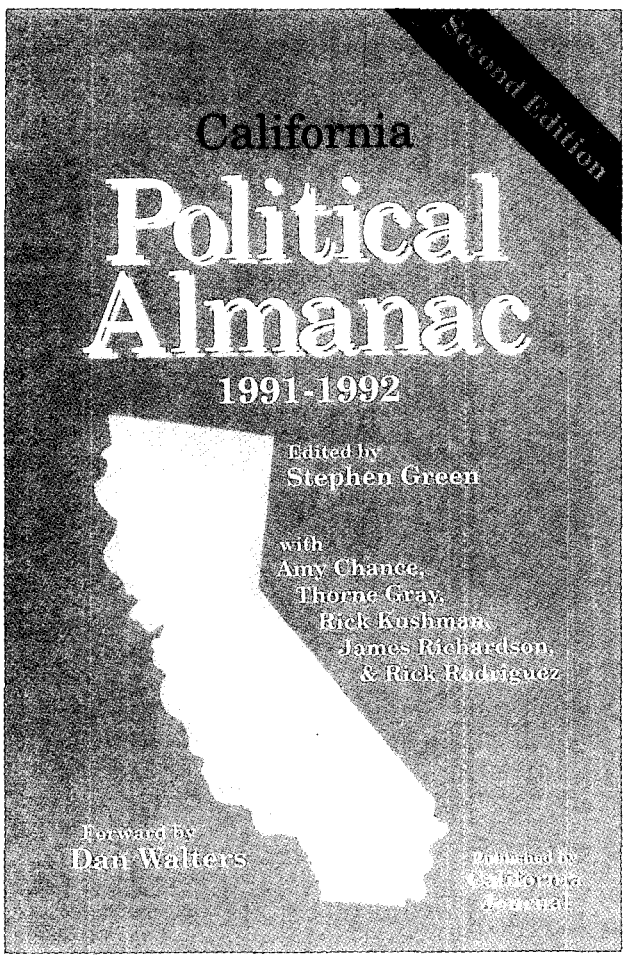

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Is California bursting at the seams?

By Nancy Vogel

"...we have an appalling housing shortage, our schools are packed to suffocation and our highways are inadequate and dangerous. We are short of water and short of power, and our sanitation and transportation systems are overtaxed."

Those could be the words of most any California politician today. But the late Governor Earl Warren wrote them 43 years ago as California struggled to absorb a post-war stampede of 20,000 job- and dream-seekers each month.

A chart of California's population since 1948 rises like a staircase, with some 32,000 people per month moving here last year, and Warren's headache has been inherited by Governor Pete Wilson.

But gone is Warren's cornucopian sense of California. Where Warren dreamed of a garden cottage for every new "settler," as he called them, his successors in Sacramento see smog-choked suburbs. Where Warren welcomed migrant musclepower to develop "latent resources," today's leaders fear depletion of those resources.

Continued on next page

Nancy Vogel, an intern with the Sacramento Bee, *wrote this story while with California News Service, a project of the University of California at Berkeley graduate school of journalism.*

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As California's population soars well beyond expectations without pause, consensus is building among policy-makers of every ilk that the state must try to shape the inexorable growth. Few people agree exactly who should do the shaping and how. But most believe disaster waits in both the simple accommodation practiced in Warren's day and more recent local efforts to squelch growth altogether.

"We are literally at a crossroad," says Victor Weisser, president of the California Council for Environmental and Economic Balance (CEEB), which represents large companies and labor unions that favor growth. "The decisions we make in the first two or three years of the Wilson administration are going to determine whether we are going to continue to have the quality of life we're accustomed to."

Since well before 1897, when State Board of Trade pamphlets depicted it as a blossom-blessed, golden "Land of Promise," California's population has only risen, never declined. And for most of the state's history, growth was encouraged as a fuel for the economy. There seemed to be plenty of everything for everyone, except water. And even that was more challenge than limitation. In 1948, with a post-war surplus in the coffers and reckless energy, Warren could dream of siphoning the Klamath River 800 miles south to thirsty Los Angeles. Today, thanks to the environmental movement born in the 1970s, the Klamath River is federally protected from dam-builders.

And growth has lost its luster. Los Angeles paved its orange groves, tore out its electric commuter railway and gained the worst air pollution in the country; San Jose turned apricot orchards into job-rich Silicon Valley, but poisoned its water supply with toxic chemicals. In the 1980s, Moreno Valley near Riverside went from miles of orange groves to a burgeoning city of over 100,000. Even sleepy communities like Yucaipa, in San Bernardino County, are contemplating ripping out acres of orange groves to build condominium projects. Californians are acutely aware of growth's ill effects. And now its key benefits, jobs and a strong economy, are under assault as well.

Throughout the 1980s, the state grew at 2-1/2 times the national rate, so rapidly that demographers this year revised their 1987 projections upward. There will probably be 36 million Californians by 2000, not 2010, they say. But recession and defense industry cutbacks have slowed the economy that churned out jobs through the 1980s. The state's unemployment rate hit 7.1 percent in March — the highest in almost six years — and, in a rare turn of events, higher than in the country as a whole. At the same time, it became clear that California's budget deficit was not the expected $7 billion but a daunting $12.6 billion.

"Growth didn't deliver," says Manuel Pastor Jr., an economist at Occidental College in Los Angeles.

Some people argue that California should consider limiting the growth that has transformed the state.

"No matter how much we manage growth," says James Provenzano, head of the population issues committee of California chapter of the Sierra Club, "we'll always be in the position of fighting fires."

"Why are we looking at the supply side?" he asks. "We never look at the demand side."

To slow the high birth rate that accounts for about half of California's total population growth, says Provenzano, the state should triple its investment in family planning. Every child should be a wanted child, he says. Provenzano also questions the wisdom of a tax system that favors larger families. Rather than discuss immigration and movement from other states, which together account for the other half of California's growth, Provenzano prefers to talk of slowing reproduction worldwide with bigger investments in family planning. But limiting growth is a sensitive topic, particularly with Asians and Latinos, who make up the bulk of the new Californians.

"There is a sense that we can control economic growth by controlling population growth," says Pastor, the economist. "This is not acceptable to minorities. It sounds like a code word for controlling *our* population."

Most growth-management advocates ignore population control because, they say, it would be nearly impossible to achieve. The federal government, not the state, controls the border with Mexico. And California is far from adopting strict birth limits like China, they say. Even if California could control its Mexican border, says Pastor, it would take a police state to stop immigration. That would constitute "such a disruption of civil rights that it's not morally or socially acceptable," he says.

"It's Chicken Little," says Gordon Hart, a Sierra Club lobbyist. "We can't do population control, so why worry about it? Let's look at what we can do."

In the strictest sense, setting aside cost and environmental considerations, California could handle tens of millions more people. University of California at Berkeley regional planning Professor Michael Teitz notes that Italy, with two-thirds of California's land and a similar climate, contains almost twice the number of people. And California is downright desolate compared to New Jersey, he figures. There would have to be 150 million Californians, not the current 30 million, to match New Jersey's density.

But New Jersey looks like the back of a radio and California — well, California is the Golden State, a land of sun, sea and boundless possibilities. Growth threatens California's lure, moreso than its ability to simply sustain people.

"What California has got to sell is its quality of life," says Richard Sybert, director of the Office of Planning and Research and head of Wilson's new Council on Growth Management.

Much threatens the state's promise of easy living, economic opportunity and ecologically-rich surroundings. For example:

- Water officials say the state can expect chronic water shortages in the future because while neither the money nor the political will to build new big projects exist, urban water use is expected to increase by more than 30 percent in the next 20 years.

Dependence upon a patchwork of "management actions," such as conservation, use of reclaimed waste water and marketing water so that it runs to the highest bidder in dry years, almost guarantees that rationing, a loathed by-product of the current drought, will become commonplace.

- The Air Resources Board calculates that by 2000 there will be so many more cars on California's highways that efforts to make cars run cleaner will stop compensating for growth. At that point, smog from car emissions, the source of many health problems and millions of dollars in crop damage annually, will increase.
- The average speed on Los Angeles' congested freeways is projected to drop to 17 miles per hour by 2000.

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Statewide, the number of vehicle miles traveled each year is growing at twice the population rate, says Caltrans, and urban congestion increases 15 percent every year.

- More plants and animals are near extinction in California than in any other state.
- To fill the demand for affordable housing within driving distance of cities such as San Jose and San Francisco, developers are building in the Central Valley on some of the nation's best farmland. Fresno County, for example, the nation's most productive farm county, hosts Fresno — one of California's fastest-growing cities.
- Development in the bowl-shaped Central Valley threatens to turn it into a giant pollutant trap. Bakersfield and Fresno, for example, both violate federal ozone standards.

"The state clearly has the ability to manage its affairs so that it could absorb more people and restore its resources," says Gerald Meral, executive director of the Planning and Conservation League, "but it has decided not to do that."

Indeed, the state has no vision drawing together the separate agencies that handle air and water quality, farmland conversion and affordable housing. But momentum to find one is building in the governor's office, the Legislature and the halls of academia.

Last January, Pete Wilson, whose growth-management experience dates to his days as San Diego's mayor, created a new Council on Growth Management. He tapped Sybert, director of the Office of Planning and Research, to lead the council and devise a state policy on growth. Sybert, a lawyer who was a White House fellow and U.S. Defense Department aide, is now consulting myriad special-interest groups and must distill advice for his boss before next January.

Jerry Brown was the last governor to tackle growth management, and veterans in the field say that while Brown collected good ideas in a 1977 "Urban Development Strategy" report, few recommendations passed into law.

"Executive political leadership is critical," says Peter Detwiler, consultant to the Senate Committee on Local Government. Brown "stopped investing political capital," he says. "He went off and ran for president." And growth management was simply not on former Governor George Deukmejian's agenda, says Detwiler.

Local growth-control measures sprouted in the void, as people from Marin County to Orange County tried to keep newcomers from trampling what makes their towns special. Most of the laws just pushed the problem around.

Santa Barbara, for example, tried to limit growth by not tapping into the State Water Project.

"With housing prices there at a median of $350,000," says Pastor, the Occidental College economist, "all the people who don't go up there wind up down here in Los Angeles, living in garages, and that's not a statewide solution."

Santa Barbara suffered for trying to preserve its ambience. Because it depends solely on local water, the current drought hit it harder than almost any other city in the state. The city now plans to build a desalination plant.

"It's quite clear that a lot of the

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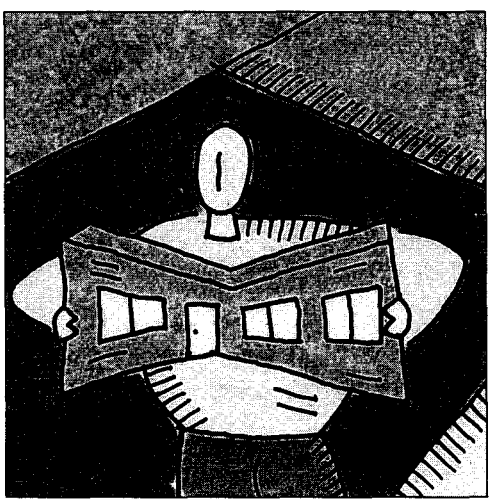

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problems are not going to be solved unless they're solved regionally," says Pastor.

Just what shape, if any, regional government should take is one of Sybert's dilemmas. He describes his task as this: To find out how the state can minimize the bad effects of growth, reap its benefits, and make certain that the swelling number of Californians get the services they need.

"Nobody has ever done growth management in the context of this size and diversity," he says.

But there's not a lot of sympathy in this administration for "pulling up the drawbridge," says Sybert. "The reality is that we have a vibrant, growing economy and a rich, diverse culture and the growth will and should continue," he says.

"It's a politically difficult area," he says. "A lot of people are angry because the state is becoming more crowded. They're going to stay angry."

Whatever Sybert's recommendations, one can be sure they will take a "bottoms-up" approach. In his campaign for governor, Wilson argued that regional agencies and the state should not overrule local decisions. Laws such as the Clean Air Act and water quality standards should be used instead to prevent pollution that would cross boundaries, he said.

"Everyone agrees that it's appropriate for the state to control the water supply," says Sybert. "Nobody agrees that it's appropriate for the state to determine that this mini-mall should be on 10th and N streets."

Sybert's council faces healthy competition for ideas from the Legislature. Four key comprehensive growth-management bills are moving through committees. The biggest attention-grabber is AB 3 by Assembly Speaker Willie Brown Jr. Brown's bill, similar to one beaten back by city and county leaders last year, would divide the state into seven regions. A new agency in each region would govern land use, air and water quality and transportation. Brown's bill would also give the powers of the Office of Planning and Research to a new State Growth Management Commission. The commission would set standards for the seven agencies and resolve their disputes.

A growth-management bill by Assemblyman Sam Farr, a Carmel Democrat, would replace the Office of Planning and Research with a new state planning agency. Under AB 76, this agency would set policies for natural resources from the coastline to soil. Planning documents for other agencies for the city level on up would have to fall in line with the policies.

Senator Robert Presley's bill, SB 929, sets forth 11 policy goals, such as preserving farmland, cleaning the air and channeling growth to where it is needed. A 15-member board modeled after the Coastal Commission would write plans to achieve those goals. The Riverside Democrat's bill also reorganizes existing councils of government and allows cities to create subregions to work out local problems.

Senator Marian Bergeson, a Republican from Newport Beach, also has written a growth-management bill. Her SB 434 leaves policy development in the advice-only hands of the Office of Planning and Research. But local agencies could merge into new regional fiscal authorities under her bill. The regional agencies could spread tax money generated by new development among its member cities, build mass transit and acquire open space, for example. They could also establish new fees and taxes.

"There are more commonalities among the bills than there are differences," says Detwiler of the Senate Committee on Local Government. Few groups have registered either opposition or support for any of the bills. But that is probably because the most interested parties are hashing out deals elsewhere.

Since January, about 30 special interest groups (some of them "mortal enemies," says Weisser) have convened under the auspices of the California State University at Sacramento's Center for California Studies program. The research offices of both the Senate and Assembly requested the round-table talks.

"Once these people get something going they can all agree upon," says Hart of the Sierra Club, "I don't think even the Legislature and the governor are going to disagree."

The problem, of course, is finding agreement in a roomful of people representing environmentalists, developers, big business, city and county government and minority groups.

"If we come to anything that is compelling and specific, I can't see how anyone can ignore it," says director Susan Sherry. "The question is, will we?"

Participants say one of the more important issues confounding the group is "certainty." Clear lines defining where people want development to occur and where they want to preserve farmland or open space would save money and time in court, they say.

"We would like to not have to fight at the local level over every development with what we call the NIMBYs ('not in my backyard')," says Richard Lyon of the California Building Industry Association.

"We fight over everything now," says Hart. "Let's just decide what we're going to fight about."

Another key debate is over what shape regional government should take. The regional agencies that now exist, such as air districts and water boards, deal strictly with one issue. The air boards, for example, have little say about where houses are built, yet far-

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flung developments create long commutes. And cars are California's biggest source of air pollution.

Besides taking into account the side effects of development, regional governments could make it easier to build the landfills, highways and mass transit lines that everyone needs and no one wants, say advocates. But local governments will not easily relinquish control, and others are not sold on the idea.

Some business people are skeptical, says participant Frederick Cannon, senior economist for the Bank of America. "Is this really going to get counties to meet affordable housing requirements, or is it just one more hurdle business is going to have to go through to get something built?" he asks.

Another idea bounced about at the Sacramento State University talks is the need to look at who gains and who loses, economically and socially, with a new development project. For years growth management considered only impacts to the environment, and "in that kind of debate, people of color don't figure very mightily," says Pastor.

Minorities are understandably wary of growth management, in part because the largely white environmental movements spearheading efforts have in the past ignored the location of toxic waste in minority neighborhoods. And issues important to some minority communities, such as lead poisoning, "are not exactly on the tip of the tongues of a lot of environmentalists," says Pastor.

Even if it is generally well-intentioned, growth management can also play to the worst tendencies of cities — to be exclusionary.

"There is no doubt that there have been places where local growth control has been an elitist and classist phenomenon," says Hart of the Sierra Club. "It would be very unfair to paint it all that way."

The round-table participants are grappling with scores of difficult issues: How to entice people from their cars? How to dampen the incentive for cities to build shopping plazas instead of homes because they generate more taxes? But if you don't have those commercial buildings, how do you pay for the roads, sewer lines and schools that houses require?

"In generalities, there's a lot of agreement," says Cannon. "It gets more contentious when you get to specifics... These groups have been pounding each other over the head for years before city and county planning agencies. There are a lot of battle scars."

A report is expected in July from the Sacramento State talks. The four growth-management bills in the Legislature probably will be held up until then and ultimately considered together in a conference committee, with the round-table's conclusions taken into account. And although Wilson wants the Legislature to delay movement on the bills until next year, after Sybert releases his report, Speaker Brown at least says he's not willing to wait.

"All the ingredients are there so that in the next 18 months I think you're going to see a consensus on how California is going to cope with the next 20 years," says Weisser. "There are enough people who are scared."

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The ***We the People...*** program is funded by an Act of Congress through the Commission on the Bicentennial of the United States Constitution, chaired by former Chief Justice Warren Burger, and is administered nationally by the Center for Civic Education in Los Angeles, under the guidance of Executive Director, Charles N. Quigley. In California, the program is coordinated by the Citizenship and Law-Related Education Center in Sacramento.

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Photos by Rich Pedroncelli

Commissioner John Garamendi

Fast start through the insurance minefield

By Daniel M. Weintraub

For most of John Garamendi's political career, the one-time college football star never could seem to get the kind of attention he needed. Without much of a power base and even less name recognition, the Democrat from the Sierra foothills could not win his party's nomination for governor or state controller and even failed in an abortive coup on the leadership of David Roberti, the state Senate's president pro tem.

But Garamendi, who this year became the state's first elected insurance commissioner now has all the attention he needs — and then some.

Auto insurance premiums cost some inner city residents more than their monthly food budgets. Health insurance is increasingly expensive and harder to obtain. Two California-based life insurance companies, laden with high-risk junk bonds, have failed. And the state's new earthquake insurance program, enacted in the wake of the 1989 Bay Area quake, so far is not providing a dime's worth of protection.

All Garamendi has to do is solve each of these problems, the conventional wisdom goes, and his political future is secure. If the rancher and former state legislator succeeds, he could emerge as a hero of the consumer movement and a favorite for his party's nomination for governor or the U.S. Senate in 1994. If he fails, Garamendi could be vulnerable to a challenge from the left and find himself out of a job.

Garamendi's position, created by the voters when they passed prop-

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Daniel M. Weintraub writes for the Sacramento bureau of the Los Angeles Times.

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osition 103 in 1988, was seen by many as a bully pulpit from which an ambitious politician could beat up on an unpopular industry for four years and then move on to higher office. But Garamendi is finding that if he is not careful, the job could beat up on him.

So far, the reviews of his performance are mixed. He's making a lot of noise and issuing a lot of threats. He's probably held more press conferences in six months than his predecessor Roxani Gillespie did in her entire tenure as an appointee of former Governor George Deukmejian. And Garamendi's even endorsing bills and working with the Legislature to try to shape policy—something the Deukmejian administration rarely did. But many of the moves Garamendi or his staff describe as "bold" turn out to be less than that. The commissioner's handling of two major life insurance seizures was uneven. And some critics still wonder whether Garamendi's desire for higher office hinders his judgment.

Harvey Rosenfield, the author of Proposition 103 and once a Garamendi doubter, says he is "pleasantly surprised" by Garamendi's performance to date, especially his effort to implement the initiative. On the day he was inaugurated, Garamendi said he would approve no more rate increases for auto insurers until the companies started paying the rollbacks demanded by Proposition 103. The next day, Garamendi junked Gillespie's rate regulations, saying he would write his own to replace them.

John and Patti Garamendi

"Garamendi knows his fortunes are linked to the success of Proposition 103," Rosenfield said. "He has tremendous power not only to reform insurance rates but to set an example for activist government. He's at a crossroads. The reward is potentially tremendous, but there's a big risk. I'm happy with what he's said. I'm still waiting to see what he is going to do."

Rosenfield was less impressed with Garamendi's leadership — or lack of it — on the question of no-fault auto insurance, which Rosenfield believes is an industry ploy to torpedo Proposition 103. Once a fan of no-fault, under which insurers would compensate their own policyholders for damages without regard to who was at fault, Garamendi abandoned that position during the campaign, saying it was not feasible politically to enact a no-fault system in California. Instead, he allied himself with Assembly Speaker Willie Brown, who was working on a bill to create a subsidized, low-cost policy for low-income drivers that would leave the current civil liability system pretty much in tact. But after Governor Pete Wilson endorsed a no-fault bill authored by Senators Patrick Johnston, a Stockton Democrat, and Frank Hill, a Whittier Republican, and backed by consumer groups and insurance companies, Garamendi waffled and said the ultimate auto insurance solution might include some form of no-fault, or at least some major reform of the civil liability system that limits the cost of litigation. Pledging to mediate the dispute between the two camps, Garamendi in the end offended just about everyone.

"I think he's trying to straddle the fence on this issue," Rosenfield said. "I'd prefer to see him make the same statement we've made — that insurance companies have no business advocating anything until 103 is fully implemented and obeyed."

But a critic on the other side of the issue saw Garamendi's straddle in another light. Harry Snyder, director of Consumers Union's California office, said the commissioner, despite his stated neutrality, was partly responsible for killing the no-fault bill. Snyder saw Garamendi's action as a favor to the trial lawyers, who might be counted on to provide big contributions for a future Garamendi run for higher office.

"John Garamendi does not care about California drivers," Snyder said. "He cares about California voters who will vote for him. Rather than deliver a low-cost policy, he's going to deliver goodies to those who are politically important so they can give him money to run for office."

Garamendi, however, said that any solution to the auto insurance crisis is going to require every interest group to give up something. The proper mix is going to include some provision to control legal costs but must also include measures to combat fraud, cut insurance companies' overhead, reduce the inflation in medical costs, and improve safety, he said.

"I've attempted to develop a strategy [that] would produce what is needed by the public," Garamendi said. "And what they need is a low-cost auto insurance policy that covers their basic insurance needs and delivers a payment on a claim in a timely manner. In our view, that requires more than tort reform. I think a comprehensive reform of the auto insurance system is essential, that you cannot take one factor and solve the problem, but rather you have to take all the major cost factors at one time, and change or reform each of those cost factors."

Garamendi has been challenged less for his handling of two ailing life insurers — Executive Life Insurance Co. of California and First Capital Life Insurance Co. — which together have more than $15 billion in assets and half a million policyholders and annuity customers. Both firms had a high percentage of their assets invested in the high-yield, high-risk bonds known as "junk." When the market for those bonds crashed, so did the balance sheets of the insurance companies.

Under his orders, the Insurance Department seized the two firms in April and May and has since been attempting to restructure them, sell off healthy parts of the businesses and preserve assets for the sake of people who invested their savings in the companies or who bought life insurance policies. With a degree in economics from UC Berkeley and a master's in business administration from Harvard, Garamendi seems well prepared to tackle the technical side of the issue.

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But the politician in him is never very far beneath the surface.

In a series of press conferences on the fate of the two failed insurers, Garamendi was part professor, part political quipster. He accused the IRS of trying to "cannibalize the vulnerable carcass" of Executive Life by seeking payment of $643 million in back taxes and penalties. He noted that the "tax police" moved in as he was trying to salvage the company for small policyholders after "wealthy investors" and traders had taken their millions.

In the case of First Capital, Garamendi launched a relentless campaign -- so far unsuccessful — to pressure American Express to help bail out the insurer because American Express's brokerage subsidiary, Shearson Lehman Bros., owns 28 percent of First Capital's holding company and made huge commissions selling its product. Playing off the well-known American Express advertising slogan, Garamendi said that if "membership has its privileges, then ownership has its responsibilities."

Garamendi's handling of First Capital did subject him to some criticism. His trip to Wall Street to try to arrange a bail-out was supposed to be secret but was publicized in the *New York Times* and the *Wall Street Journal*, prompting the run-on-the-bank that a few days later forced Garamendi to seize the firm. When he took that action, he announced it while the bond and stock markets were still open, prompting sell-offs in both markets, according to the *Wall Street Journal*.

Some industry insiders questioned whether his actions were driven more by sound business practices or ambition.

"Garamendi is jumping in during what might be no more than a blip or an aberration and seizing companies," said one life insurance executive. "Don't you wonder whether he is doing what he is supposed to be doing or whether he's just playing to the grandstand?"

But that view is in the minority. Despite the rhetoric, Garamendi has demonstrated that he is willing to work with the very financial giants he disparages with the broad brush of his criticism. He put together an advisory team of industry figures to help develop a strategy to deal with Executive Life and he has hired a New York investment banker and four law firms to help negotiate a deal to salvage the company.

"It's clear he sees that his political future is tied to bashing insurers, and they're not real happy about that," said one veteran industry lobbyist in Sacramento. "But it doesn't appear that he's going to be unduly unreasonable when it comes to sitting down and talking about practicalities."

Despite the publicity that is generated by the auto and life insurance issues, Garamendi said he believes health insurance is the most critical problem he faces. An estimated 6 million Californians lack even the most basic form of medical coverage, and those who do have insurance are seeing huge premium increases that are prompting employers to cut benefits to the point that the issue has spawned several strikes.

"I think the present system is a disgrace for this state," Garamendi said. "It's time to make fundamental and significant changes in the way we handle our health care delivery system."

That said Garamendi, after five months of study, recently unveiled his strategy on health insurance. He endorsed a bill to provide insurance for pregnant women and children and outlined what a press release described as three "bold new steps" to put universal access to health care on the "fast track":

- Appoint a high-level advisory group to study the problem.
- Sponsor a forum for national and international experts to come to Sacramento to discuss the issue.
- Expand his department's ability to collect data and form policy.

Not exactly radical positions. But Garamendi promised to do more, even if he lacks the plan to implement his vision:

"What I think we may do initially to deal with this is to develop a universally available health insurance policy that would provide a basic insurance policy for everybody in our state. There would then be a separate and perhaps universally available coverage above that which would cover more advanced and new or experimental procedures. But I think it's fundamental to our existing morality and to our existing society that everybody have basic health care available, so that the ongoing basic everyday needs of every citizen are met."

Unlike the everyday needs of health insurance, earthquake coverage is something that some Californians would need perhaps once-in-a-lifetime. Yet the Legislature and Governor Deukmejian created a policy after the Bay Area quake to cover everyone in the state. When Garamendi took it over in January, he behaved, ironically, much like the private-sector executives he has so often derided. The first thing he did was ask for a delay and a rate increase.

The program was designed to fill a gap in the private market, where deductibles of 10 percent of the value of the structure can leave even insured homeowners with $20,000 or more to pay from their own pocket after a major earthquake. The state plan was to charge premiums ranging from $12 to $60 a year and fund $15,000 in repair costs—after deductibles of $1,000 to $3,500—for structures damaged in a quake.

But a month after taking office, Garamendi asked for a six-month delay in implementing the law and said to make the program sound would require a maximum premium of $90 — a 50 percent increase — and deductibles as high as 5 percent of the structure's value.

"The numbers simply don't add up," he said. "People who will benefit from the coverage must pay enough on the front end to guarantee that the money will be there when they make a claim on the back end."

Dealing daily with issues that affect the everyday lives of millions of Californians, Garamendi soon will be a household name and before long may be better known to voters than any politician other than the governor. But he brushes aside questions about his political motivations, insisting that speculation about his future is something that reporters and political consultants may enjoy but is not a topic on which he spends any significant amount of time or energy. The evidence so far supports the commissioner's thesis that his new job may not be the best from which to jump to higher office.

"I've always said that this was a very slippery stepping stone and that it ought not be considered a good stepping stone," Garamendi said. "The issues that we're dealing with are extremely important and therefore filled with political risks... I have no illusions about how difficult it is going to be to do a good job. I'm certainly going to make mistakes along the way. I don't expect the voters to understand if I fail."

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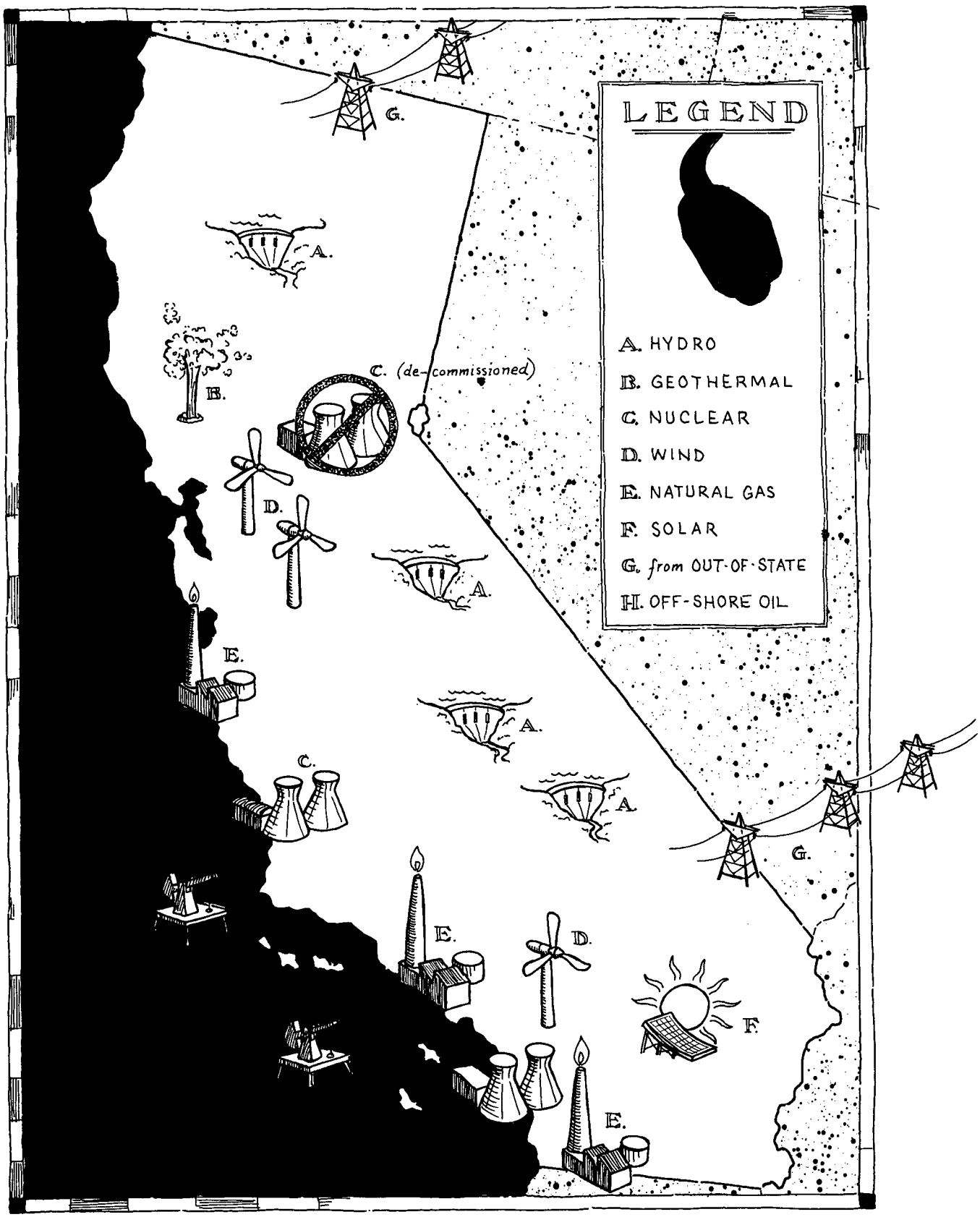

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At odds with the Bush administration?

Diversifying California's energy map

By Peter Asmus

After 18 months of public hearings devoted to the development of a comprehensive federal energy plan, the National Energy Strategy unveiled last February by the Bush administration was greeted by groans from disappointed Californians. Sighs of relief, however, were heard from the nuclear and oil industry lobbies in Washington, D.C.

The president's plan calls for the development of a second-generation of "safe" nuclear plants and more offshore oil drilling in the Pacific and elsewhere. Over the objections of federal Department of Energy officials, Bush's economic advisers, including John Sununu, stripped the final document of any strong incentives for energy efficiency.

Led by state Senator Herschel Rosenthal, a Los Angeles Democrat and chairman of the Joint Committee on Energy Regulation and the Environment, the California Legislature released its own "State Energy Strategy" on March 20, 1991, in response to Bush's proposal. It includes 24 bills by 11 authors. It is only mild exaggeration to say that the difference between the proposed federal and California plans is like night and day.

At a March 20th press conference, Rosenthal noted that California's state energy plan would fill vast voids left by Bush's National Energy Strategy. "Together, these bills present an opportunity to implement an effective and balanced energy strategy for California," stated Rosenthal. "If we do nothing and wait for the so-called 'National Energy Strategy,' it may well become an energy tragedy for the nation."

Continued on next page

Peter Asmus is a free-lance writer from Sacramento.

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Instead of more nuclear power plants, precluded from expansion in California because of a 1976 initiative, the bills as initially drafted promote the adoption of a statewide energy efficiency target, new state incentives for renewable energy sources such as solar and wind, and the more rapid acceleration of the development of alternative fuel vehicles.

Rosenthal admitted that some of the bills in the package would encounter stiff opposition. One bill he introduced — SB 1217 — imposed a 10 percent surcharge on oil-industry income over a five-year period. Fifty percent of the collected funds would have been placed in a "Polluting Gas Guzzler Vehicle Acquisition Fund" for the purpose of purchasing high-polluting, fuel-inefficient vehicles in locations that are not in compliance with federal or state air quality laws. The remainder of the money would have gone to the state's general fund.

The bill has since been amended into a two-year bill focusing on setting up a pilot project to get old junker cars off the roads in the South Coast air basin by imposing fees on drivers and oil companies. The section of the original bill addressing general fund revenues was pushed separately by Rosenthal before the budget conference committee, but to no avail.

Rosenthal's other major piece of legislation would consolidate the existing California Energy Commission (CEC) and California Public Utilities Commission (CPUC) into a new California Energy Resources Board. The bill was drafted in response to a recent study authorized by Rosenthal's joint committee, which concluded that existing regulatory structures in California were "fragmented" and lacked integration and that policy goals were not clearly articulated.

At last count, over 20 state agencies make decisions with energy impacts. Unlike reorganization schemes being pushed at the federal level to eliminate regulatory bottlenecks stalling further expansion of nuclear and hydroelectric power, the California effort is designed to achieve specific environmental goals, such as improving air quality.

Rosenthal argues that a "window of opportunity" for agency reform exists with California's new governor, Republican Pete Wilson. Wilson has expressed great interest in moving forward with a number of energy policy reforms, including possible agency reorganization. Rosenthal maintains that the current organization of California regulatory institutions is "incapable of meeting energy challenges facing us today and in the future."

Though Wilson's proposed new agency, the California Environmental Protection Agency (CAL-EPA), does not address how energy agencies could fit into the state's attempt to streamline and coordinate environmental policymaking, Assemblyman Byron Sher, a Palo Alto Democrat and vice chairman of the same joint committee, is carrying a measure that would add the California Energy Commission to the CAL-EPA roster being pushed by Wilson. Sher feels that California does "not yet have an integrated energy and environmental strategy" and significant opportunities for responding to air-quality con-

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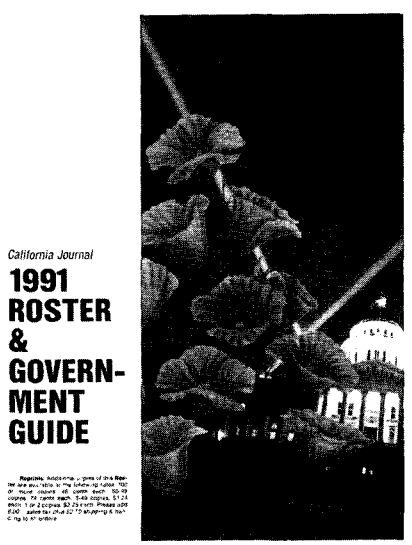

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cerns with energy reforms are not being pursued.

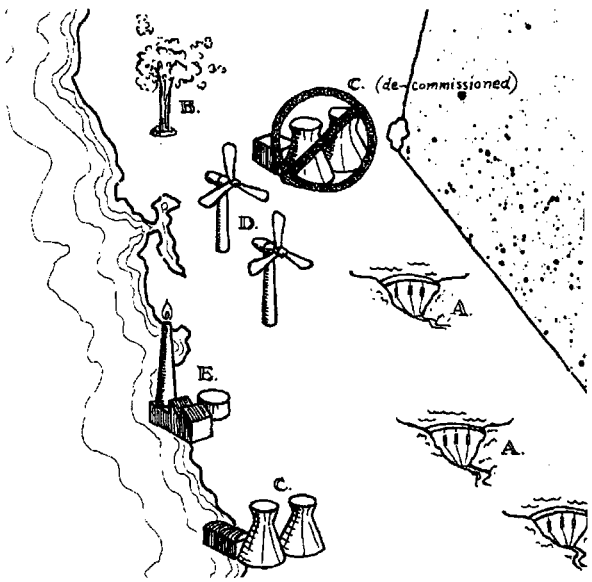
Another Sher bill proposes one of the most ambitious conservation programs envisioned by any state in the nation. It would set a statewide energy efficiency target of a 50 percent per capita energy efficiency improvement across all energy use sectors. The bill also requires all state agencies to coordinate policies to reach this target. It is an example of legislation, argues Sher, that would achieve energy, air quality and economic benefits.

The Bush plan does contain some comfort for California's large renewable energy community, such as a 17 percent increase in federal research and development funds and the elimination of size restrictions for this type of power plant. But other items sought by California firms, in the form of renewable energy production tax incentives included in earlier drafts, were dropped. In response to this deletion, Sher also authored a measure that required that 50 percent of all new power plants use renewable sources of energy, pending the establishment of incentives for renewables by the state Public Utilities Commission and municipal utilities. These incentives would have to be established by January 1, 1994.

This policy has been endorsed by the Energy Commission, but was recently rejected in a proposed ruling by the PUC (see story, page 310.)

Both Sher bills containing the 50 percent targets already have been amended due to utility opposition to the setting of any energy-specific goals. However, according to Michael Shapiro, consultant to the Senate Energy and Public Utilities Committee, such amendments should be viewed in context. "They are not permanent fall-backs," he said, instead characterizing the changes as "temporary concessions." Shapiro notes that Governor Wilson is working with the California Energy Commission in developing his version of a state energy strategy, a process that should be completed by this summer. Once that process is finished, Shapiro noted, many energy efficiency measures and incentives for renewables "may be strengthened" to reflect the governor's wishes.

Not everyone is California is flinging mud at President Bush's energy agenda. California's top energy official — Charles Imbrecht, a former Republican assemblyman who is chairman of the CEC — thinks that the press has been unfair in its characterization of the Bush energy strategy. He thinks that Bush's plan is the best effort on the part of the federal government since Jimmy Carter started wearing sweaters and began the deregulatory trend that resulted in privatization of energy supplies and market pricing of fuels in the late '70s.



"I think that it is a good idea that the rest of the country follows California's lead in developing building and appliance energy efficiency standards," commented Imbrecht. In addition, the president's call for the further deregulation of natural gas supplies, a goal which meshes with the CEC's desire to increase gas pipeline capacity into this state, could greatly benefit Californians in the form of lower prices because of increased supply and improved air quality in Southern California. At present, utilities rely on more polluting fuel oil in times of natural gas shortages. Air emissions from gas are one-third those of fuel oil.

One area where Imbrecht and Wilson disagree with the president is the push for more offshore oil drilling. Imbrecht also disagrees with Bush over his refusal to increase the fuel-efficiency standards for motor vehicles. He, along with Wilson, has investigated whether California could get around federal pre-emption of such fuel-efficiency standards, but it appears the answer is probably "no."

That hasn't stopped state Senator Gary Hart, a Santa Barbara Democrat, from introducing a bill that would permit people who purchase low-emission cars to pay a reduced sales tax, perhaps none at all depending upon the amount of pollution the car produced. Those who buy "gas guzzlers"

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would pay a sales-tax surcharge.

According to Hart's office, consumers could save as much as $700 on a medium-sized "clean" car. Such legislation "will not create new bureaucracies, will not cost taxpayers a lot of money and utilizes market principles," said Hart. He quipped that "any Republican ought to be able to support that," referring to Wilson's reported support for the measure. Former Governor George Deukmejian vetoed an identical bill last year, however.

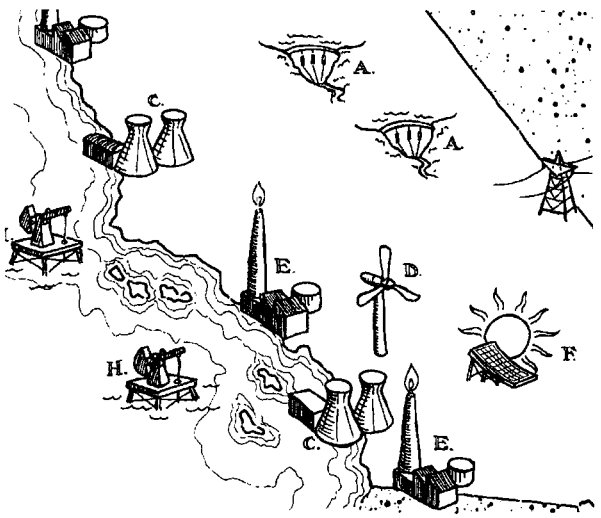
Hart is armed with persuasive statistics. Bush's desire to drill for more oil off the Santa Barbara coast would fill our cars for only 26 days, he says. The amount of oil saved by the implementation of his proposal, in one year, would total 3 billion gallons, or the approximate current annual production of the Santa Barbara channel.

Nonetheless, Hart's bill also has run into some early trouble and was put over until next year after failing to get out of the Senate Transportation Committee.

California's reputation as an energy leader extends beyond the Capitol rotunda. Energy is big business in California, with the state boasting the largest private and public utilities in the land. California utilities are blazing trails on their own on a number of issues, including conservation, support for renewable energy and electric cars. Instead of promoting the construction of billions of dollars in nuclear power plants, Pacific Gas and Electric is pledging billions in energy efficiency programs and close to a billion dollars in demonstration programs for solar and other renewable technologies.

Utility executives all across the country are shaking their heads in disbelief, wondering whether their California counterparts have finally gone off the deep end. They probably should not worry too much. Despite the public postures of PG&E and Southern California Edison, environmentalists complain that these utilities, as noted earlier, still are using their formidable lobbying pressure to water down legislation promoting conservation and renewable energy sources despite company rhetoric and investments.

The most interesting utility action, however, is occurring at the Sacramento Municipal Utility District. The beleaguered municipal utility is rapidly moving out from under the shadow of the now-closed Rancho Seco nuclear power plant, and into the age of door-to-door selling of better light bulbs. Most important, however, is SMUD General Manager David Freeman's aim to authorize the construction of the first power plants to be built in California in approximately five years. These power plants are part of an effort to create the cleanest electric generation system in the country. SMUD's final decisions will be made this July.



According to Freeman, the utilities of today have failed to respond to the challenge of creating a cleaner transportation system. Freeman claims to be the first bureaucrat in U.S. history to be charged with the responsibility for long-range energy planning. He was a key architect of President Carter's energy policies of the '70s and instituted one of the nation's first conservation programs at the Tennessee Valley Authority after closing down seven nuclear reactors.

One result of utilities' failing to seize the initiative on transportation policy, in his view, was the recent war in Iraq. "It should be the unwavering ambition of every utility executive in the country to put Exxon and Texaco out of business," continues Freeman. The key to Freeman's vision is enabling renewable energy sources such as wind and solar to produce electricity to substitute for gasoline. SMUD is already planning for this gradual transition, albeit a long way from reality. This priority is one of many being addressed in SMUD's current analysis of need for new power plants.

California is also home to many small energy businesses — the folks who want to build renewable energy projects in Sacramento — and has some unique state programs to serve these businesses. Perhaps the most interesting is the California Energy

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Energy Commission versus the PUC

The key political battle over energy in California is an on-going feud between the California Public Utilities Commission and the California Energy Commission. Despite continued talk of reconciliation, the divergence on future power-plant policies is not an aberration.

These two agencies have been sparring over energy policy since the Energy Commission was created in 1974 in response to projections that the state would have to fill its coastline with nuclear power plants to meet the electricity demand of burgeoning California. The Public Utilities Commission, in contrast, was a creature spawned by the Progressive movement. Its charter, established in 1911, was to ensure reasonable rates for customers of investor-owned utilities, which have a monopoly over their service areas.

The primary debate today boils down to whether California can address the environmental challenges of the 1990s with two institutions created in earlier time periods when energy problems were very different. While academic studies can theorize about what is best from a public administration point-of-view, the awful truth of the matter is that any reorganization will likely come about through political deals.

The Public Utilities Commission is on the defensive. Located in San Francisco, it has always felt that is was above the political games of Sacramento. The Energy Commission, on the other hand, is a product of the Legislature, and its longtime chairman, former GOP Assemblyman Charles Imbrecht, often speaks of his close relationship with Governor Pete Wilson. He was rumored to be in line to head up Wilson's CAL-EPA last year. Since Imbrecht did not get that appointment, it appears that plans for an expanded role for the Energy Commission in coordinating state energy policy has support from both the governor's office and legislative Democrats.

A report entitled "Energy and Environmental Policy Making and Regulation in California," issued by the Joint Committee on Energy Regulation and the Environment, included responses to interviews conducted regarding how well the current energy regulatory regime was functioning. Though the names of respondents were not released, a sampling of views aptly summarizes current perceptions of the present energy regulatory system.

One individual stated: "The principal deficiency in the current system is the lack of integration of energy and environmental objectives in state planning. State institutions have not fully recognized the importance of the energy system on the environment." But the same respondent added, "Despite the problems in California and far from optimal conditions, California has developed an energy policy that is better than other states in spite of the current structure."

Some defended the current system: "Compare the Brown to Deukmejian administration and the energy policies do not look very different. This similarity speaks well of the current system, for it did not suffer from partisan politics." Nevertheless, another argued that "new concerns about the environment are going to require a higher level of state and regional and energy and environment integration... The problem with many of the environmental organizations is that they are so compartmentalized and focused on a single purpose."

Another theme that emerged over the course of the 15 interviews is the need to bring transportation planning into the energy and environmental decision-making loop. So far, no proposal to take that giant step has materialized, including Wilson's proposal for a CAL-EPA to coordinate state environmental programs.

At an April 22, 1991, hearing addressing energy agency reorganization, Public Utilities Commission president Patricia Eckert took issue with the depiction that the current system was marred by fragmentation. She also endorsed a reorganization plan whereby all regulatory functions would be consolidated into a commission structure, and that executive functions, most of which are now under the Energy Commission, be moved to a line department.

At the same hearing, Pat Nemeth, director of planning for the South Coast Air Quality Management District, urged that the Legislature create "a single energy agency." She said California needs "one plan, one process, one set of objectives to move all of our problem-solving along more expeditiously." While the Sierra Club endorsed a reorganization scheme that consolidated energy policy and planning in the Energy Commission, most parties, including utilities and representatives of private power plants, have backed away from choosing sides in the Energy Commission-Public Utilities Commission battle.

— *Peter Asmus*

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Commission's export technology program, whereby the state acts as an international economic development agent. This program is designed to serve the astounding need for new power supplies in much of the developing world. Initially designed to keep California's struggling renewable energy businesses alive while domestic interest in these technologies waned with oil price drops in the 1980s, the program is now seen as a way to help solve global environmental problems.

The Energy Commission gives grants to California-based firms so they can compete against firms from West Germany and Japan. While the amounts of money are admittedly puny — $50,000 per grant, tops — the efforts at least symbolizes how California is thinking ahead on energy issues.

Recent grants include funding for the development of geothermal power on the Caribbean island of Montserrat by Walnut Creek-based GeoProducts Corporation. The $50,000 will help the firm complete a proposal for a 10-megawatt geothermal power plant that will provide all the electricity for the island. This new grant will allow GeoProducts to follow-up work conducted under a previous Energy Commission grant proving that geothermal development on the island is technically and economically feasible.

All told, the Energy Commission estimates that California firms have closed over $20 million in sales since 1988 through this export technology program. That represents a better than 12-to-1 return on investments. The CEC projects that future technology sales resulting from current state marketing efforts could top $1 billion.

The importance of the export technology program is underscored by the fact that an internal survey performed by the CEC revealed that 71 percent of those firms polled felt they could not keep up with technological advances occurring in the power plant business if they did not get involved in the international marketplace.

No matter what federal government energy policies are adopted this coming year in Congress, California is sure to go one step further when it comes to protecting the environment and promoting conservation. Governor Wilson, in a speech to the energy joint committee late last year, indicated he has a genuine interest in making his mark in energy policy. Wilson, for instance, called for a dramatic expansion of the state's own energy research and development program and the export technology program, funding these efforts with something akin to a tax.

These comments by the governor resulted in a bill by Chula Vista Democratic Senator Wadie Deddeh to bolster the Energy Commission budget by $30 million by adding a user fee on consumers of electricity. If this effort is successful — a dubious prospect in light of efforts to tax utility services in order to balance the state budget — $2 million is earmarked for the export technology program. At present, the typical residential electricity consumer pays $1.32 per month to fund the Energy Commission. Deddeh's bill would double that amount.

In a letter to Wilson calling for bipartisan support for energy reforms, David Modisette, the principal joint committee consultant, made a strong case for why California should continue to strike out on its own. He pointed out that energy is a $70 billion per year industry in the Golden State, three times the size of the state's agricultural sector. Energy costs for California manufacturers are 45 percent higher than the national average, and therefore becoming more energy efficient translates into improving state firms' ability to compete. Finally, 80 percent of urban smog is the result of the production and consumption of energy.

Armed with these statistics, Modisette argues that the proposed federal energy strategy is "insufficient by itself to address California's specific energy issues and opportunities." It is also a fact that many of the regulatory tools available to effect reforms are under state jurisdiction. Modisette arguees that California "is in a unique position" to influence the federal reform effort by way of a bipartisan effort. Legislative representatives from Rosenthal's and Sher's staff are beginning to huddle with Douglas Wheeler, the new head of the state Resources Agency, and representatives from the Energy Commission and Public Utilities Commission to sort out bills that can attract mutual support for this year's legislative activity.

It appears that a state energy policy may be one area where Democratic lawmakers and a Republican chief executive see eye-to-eye.

Republicans in the Legislature and utility lobbyists still offer formidable obstacles to the creation of a California energy strategy. This will be yet another test of the Wilson administration's ability to move beyond the partisan politics that have recently dominated the California Legislature, and prove that this state can agree on a bipartisan plan to bring California's energy policies back into the national limelight.

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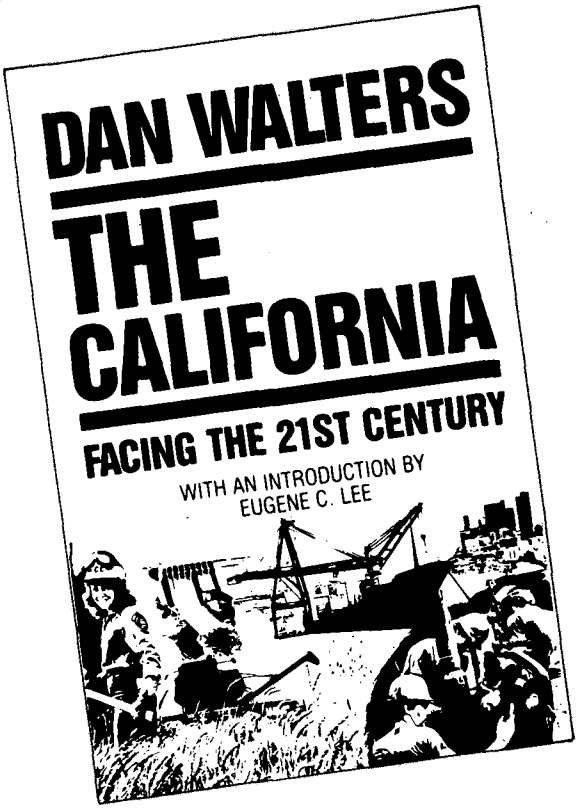

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ROSTRUM

Sales tax

Regarding your article on the sales tax (see *CJ*, June 1991), it is ridiculous that purported business leaders should support an increase in our already oppressive sales taxes, as noted in your story. Not only does the sales tax constitute an oppressive burden on low-income groups, but it injures business by drastically decreasing the purchasing power of all California residents. It was for these reasons that Adam Smith accurately called taxes on the necessities of life "the most ruinous of all taxes."

Governor Pete Wilson's suggestion that local taxing units be empowered to further increase their sales tax is hypocritical. If he was really interested in the financial well-being of the counties, he would seek repeal of statutes allowing incremental financing by our urban redevelopment agencies. Under these statutes, these agencies, which control the valuable land in the state, are protected from paying any part of their increases in land value to county, school and other local taxing entities. This amounts to billions of dollars.

It is a sad situation when land speculators and politically aware developers make fortunes, but the only persons taxed are consumers — particularly, low-income consumers.

STANLEY SAPIRO
Malibu

Jerry Brown

On your recent article on Jerry Brown (see *CJ*, June 1991), I wonder if Jerry thinks he's acting out Madonna's charcter in the movie "Truth or Dare". Hey, Jerry, stick to the issues; not your fire house if you want to relate to average Americans.

JANIS BERMAN
Washington, DC

BALLOT FRONT

A roundup of statewide initiative proposals. All statutes require 384,973 valid signatures; constitutional amendments require 615,958. In parentheses is the deadline for sponsors to submit signatures to county clerks, and the issue of California Journal *that contains a full explanation of each measure. The full texts of all initiatives may be obtained from the Secretary of State's election division, 1230 J Street, Sacramento CA 95814.*

New in circulation:

HEALTH CARE — an initiative constitutional amendment, sponsored by Stephen Schear of Oakland, that makes access to quality health care a right of all California residents. It requires the Legislature to enact a health-insurance program to meet stated standards, including availability. It provides for comprehensive coverage, including preventive long-term care and mental-health services; individual choice of health providers; minimization of waste and inefficiency of administration; and cost controls, with per-capita cost not to exceed the 1992 cost of covered services (increased by the inflation rate). (October 31st)

GAMING COMMISSION. SPORTS WAGERING. LOTTERY GAMES — an initiative constitutional amendment, sponsored by Democratic Assemblyman Dick Floyd of Gardena, that cancels the constitutional prohibition of lotteries and provides that the Legislature consolidate regulation of legal wagering in a single California Gaming Commission. The proposal also authorizes wagering on the results of sporting events, creates a gaming commission to regulate and license sports wagering, requires local authorization for sports wagering establishments (except for specific horse racing track operators), imposes a tax on gross receipts of sports wagering facilities, and provides a California Sweepstakes, on-line lottery game. (November 4th)

Continuing in circulation:

JURIES — an initiative constitutional amendment, sponsored by Judy Osburn of Maricopa. (July 22nd, June 1991 *CJ*)

MARIJUANA — an initiative statute, sponsored by 17 advocates from around the state. (July 22nd, June 1991 *CJ*)

LIMITATION UPON GOVERNMENT ACTIONS AND SERVICE IN GOVERNMENT — an initiative constitutional amendment, sponsored by Robert Lochridge of Redwood City and Eric Harlow of Mountain View. (September 19th, June 1991 *CJ*)

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Seymour

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William Dannemeyer versus John Seymour: a 19th-century mind against one you can tell is up-to-the-minute because that's about how often it changes.

That's how one wag, cocktail glass in hand, recently described the Republican nomination race for one of the two U.S. Senate seats up for grabs in California next year. A cynical and overstated view? Of course.

An unfounded one?

Hardly.

One can debate the merits of Dannemeyer's views, but not their vintage. The craggy-countenanced Fullerton congressman espouses Victorian sexual mores, robber baron-era monetary policies and Darwinian economics. Sometimes he veers from the merely antiquated to the bizarre; for example, he suggests that AIDS victims emit spores that cause birth defects.

Meanwhile, Seymour — unanchored by the distant or recent past — is an ever-moving target. A former state senator appointed to the seat in January by Governor Pete

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Larry Peterson is a political writer for The Register *of Orange County.*

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Seymour race

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Dannemeyer

Wilson, he's been on both sides of about every other major issue down the pike: taxes, abortion, development, offshore oil drilling, gay rights, fireworks, gun control and more. His flip-floppery stretches from his Anaheim City Council days in the 1970s to this, his rookie year in Washington.

The race is billed as a battle for the soul of the state Republican Party. Indeed, a tug-of-war rages. Corporate pragmatists who have made a political comeback under Wilson strain in one direction. Pulling the other way are the conservative hard-liners whom Wilson recently derided as "....ing irrelevants" and who now cheerfully call themselves "F.I.'s." But, perhaps in keeping with two men whose political turf lies almost in the shadow of Disneyland, the Dannemeyer-Seymour showdown also is a caricature of the intra-GOP struggle.

By any mutually observable yardstick, Dannemeyer is not just conservative. He is so right-wing it is impossible to imagine him flying anywhere but in a counter-clockwise circle. Seymour has the opposite problem. Having stood for so many things, he is vulnerable to the charge — heard during his unsuccessful 1990 bid to win the Republican nomination for lieutenant governor — that he stands for nothing.

That Seymour would lead the moderates was inevitable after Wilson named him to the Senate. The only other well-

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known potential conservative candidate, Congressman Robert Dornan of Garden Grove, deferred to Dannemeyer. (Dornan and Los Angeles television commentator Bruce Herschensohn are gearing up to represent the conservatives in the contest for the Senate seat now held by Alan Cranston.) So, like it or not, both sides seem stuck with their respective candidates.

And at least some prominent Republicans do not like it very much.

"This is what we're left," said Barbara Stone, a California State University, Fullerton, political science professor active in the GOP. "I'm not supporting either one. Lots of people I know aren't. I like Bill. I agree with some of what he says. But sometimes he sounds like a right-wing nut. As for John, let me put it this way. I liked him a lot better before greatness called."

Stone shares the widespread assumption that Seymour will win the primary and face former San Francisco Mayor Dianne Feinstein, the 1990 Democratic gubernatorial candidate and the front-runner for her party's Senate nomination. "I think Feinstein is going to take him apart," she said.

Not that Feinstein doesn't have problems of her own: Willie Brown, Rose Bird, quotas and a husband with such far-reaching business ties that Feinstein seems ever-vulnerable to claims she has at least the appearance of a conflict of interest. Not to mention the prospect that she might still be challenged in her own party's primary, possibly by state Controller Gray Davis. But this story is about Dannemeyer and Seymour.

Perhaps the most obvious period piece of Dannemeyer's politics is his embrace of the gold standard, the idea that the government should commit itself to redeem dollars with a fixed quantity of gold. In stages, the policy was abandoned by Franklin Roosevelt and Richard Nixon. Dannemeyer blames the change for high inflation and federal budget deficits. He once even suggested that the gold standard might be a major issue in the 1984 election. It didn't work out that way; it hasn't since 1896.

A backer of almost unfettered free enterprise, Dannemeyer doesn't just favor offshore oil drilling; he wants lots more. He not only disdains environmental regulation; he sees the environmental movement itself as a conspiracy seeking political power. He eyes the rest of government warily; he has often submitted alternative budget proposals that would slash spending by $60 billion or more and wonders out loud about the wisdom of big flood control projects, even in his own district. Not quite 19th century, but arguably pre-New Deal.

Dannemeyer also is against gun control, wants a constitutional amendment to require a balanced federal budget, opposes the Martin Luther King holiday, and once compared South African anti-apartheid leader Nelson Mandela to Willie Horton. Such views — reflected in his voting record — regularly earn ratings of 95 percent or more from American Conservative Union and 5 percent or less from the liberal Americans for Democratic Action.

Dannemeyer is best-known as a champion of traditional values — as he understands them. He is for school prayer (the banning of which he blames for drug abuse, low school test scores and teenage pregnancies) and against abortion and pornography. But his hot-button issue is the gay lifestyle and AIDS — which he sometimes has suggested might be

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divine retribution for homosexuality. "It's time our society reaffirms that God's plan for man was Adam and Eve, not Adam and Steve," he likes to say.

He has proposed banning gay-oriented groups from official recognition by the GOP, making it a crime for homosexuals to donate blood, barring children with AIDS from public schools and, with more success, closing down gay bath houses.

It is about AIDS that Dannemeyer sometimes lets his rhetoric run away with him. Hence his talk of spores and his claims that you might get AIDS from deep kissing and that garlic and cod liver oil might effectively treat it. Thus his reading of graphic descriptions of gay sex acts into the Congressional Record.

From his perspective on political currents, Dannemeyer sees himself in the mainstream.

"You can use some label to describe where I am on the issues," he said, "but this is irrelevant. What is significant is that the overwhelming majority supports my views on a balanced budget, on spending cuts before new taxes, on prayer, on my opposition to forced registration of handguns, and on my affirmation of the family as one of the cornerstones of our society."

Moreover, Dannemeyer objects that the news media harp on his more controversial statements, such as the one about spores without explaining them.

All right, then, an explanation.

Dannemeyer says he misspoke: People with AIDS don't emit spores that cause birth defects. But some people with AIDS can transmit the virus-borne malady *cytomegalovirus* to others, he adds, and that can cause birth defects. Hence, some hospitals have advised pregnant nurses to avoid direct contact with AIDS patients, Dannemeyer says.

Dannemeyer is correct. Up to a point. So were reporters nitpicking? Not quite, one learns after talking to Dr. Keith Hadley, an infection control official at San Francisco General Hospital, one of the institutions cited by Dannemeyer. As it turns out, *cytomegalovirus* infects more than half the adult population. But it doesn't normally make you sick unless your immune system is weakened, for example by AIDS or some kinds of medication. AIDS patients aren't especially contagious; it's at least as likely to be passed among kids at a day-care center.

It's not clear that the explanation is much of a vindication. And if the vast majority of people favor Dannemeyer on the issues, they've been keeping it a secret. Proposition 102, his 1988 ballot measure dealing with AIDS, was rejected overwhelmingly, even in his congressional district. And in recent surveys of Republican voters, even those who consider themselves conservatives lean toward Seymour for the nomination.

If Dannemeyer's political guidance system is a built-in no-left-turn sign, Seymour perhaps might well carry a sign warning followers of frequent backing and turns. For example, Seymour:

- Co-authored and voted for a 1984 proposed state constitutional amendment that, had it not failed, would have made it impossible to outlaw semiautomatic weapons, but voted to outlaw them in 1989.
- Voted "no" on a 1987 bill — vetoed by former Governor George Deukmejian — to bar anti-gay jobs and housing bias, but last year told the *San Francisco Sentinel* that his vote was a "grave mistake" and that he would support a new version "wholeheartedly."
- Consistently voted in favor of offshore oil drilling in the state Senate but switched after the *Exxon Valdez* oil spill in Alaska in 1989.
- Said after being named to the U.S. Senate that he would not rule out new taxes, but did just so a few weeks later when he spoke at the state party convention, where conservatives were pressing a no-new-taxes pledge on GOP lawmakers.
- Opposed, as Anaheim mayor, a bill sought by fireworks magnate W. Patrick Moriarty to restrict the ability of local jurisdictions to regulate or forbid the sale of his "safe and sane" fireworks; then provided, as a freshman senator, the deciding vote for the bill. (The bill was vetoed by then Governor Jerry Brown. Moriarty, later convicted of political corruption, contributed $4000 to Seymour's first Senate campaign and $6000 to later campaigns).
- Abandoned in 1989 his lifelong opposition to abortion rights in the wake of a 1989 U.S. Supreme Court decision that appeared to give the states greater ability to restrict abortions.

Not surprisingly, Seymour insists that changing circumstances and new information, not changing political winds as his foes contend, led to his about faces.

"Times change, people change and conditions change," he recently said. "And thank God they do. Changing your mind in a changing environment — I don't see anything wrong with that."

But Seymour found it hard to explain some of his U-turns, for example, the fireworks bill. Taping a television interview last year, he was asked about the bill. He claimed it would have promoted local control of fireworks.

"Let me think on that," Seymour said when challenged after the taping. "I'd really have to review the bill. Let me think just a second here ... I think what the bill said — OK, it's coming back to me now..." Pressed further, he said, "I misstated it. I'm wrong. I guess what I was thinking about when I said that was that there were provisions in the ball that permitted local control...."

But Seymour insisted the next day at another taping that he had made only "half a mistake" because the bill would have given local governments control of fireworks in areas with high fire risk. Wrong again. Local governments already had that authority; the bill would have reduced, not increased, local authority.

Seymour also tripped over the facts when discussing his switch on abortion. He was not satisfied merely to deny that he based his turnaround on polls showing opposition to abortion was a political liability or on how the issue might affect his campaign for lieutenant governor. Seymour insisted that he would not have done so because there were no such polls when he switched and there was no campaign for lieutenant governor.

After such polls were pointed out, he quit denying their existence. But he said he did not see them before he switched, and noted that he did not declare his candidacy until after he changed his position. But he neglected to say that he had formed a campaign committee months before his reversal and in the six weeks before reported raising more than $356,000 in campaign funds.

"I agree with where he went on the abortion issue," said political scientist Stone. "But I don't respect the way he got there."

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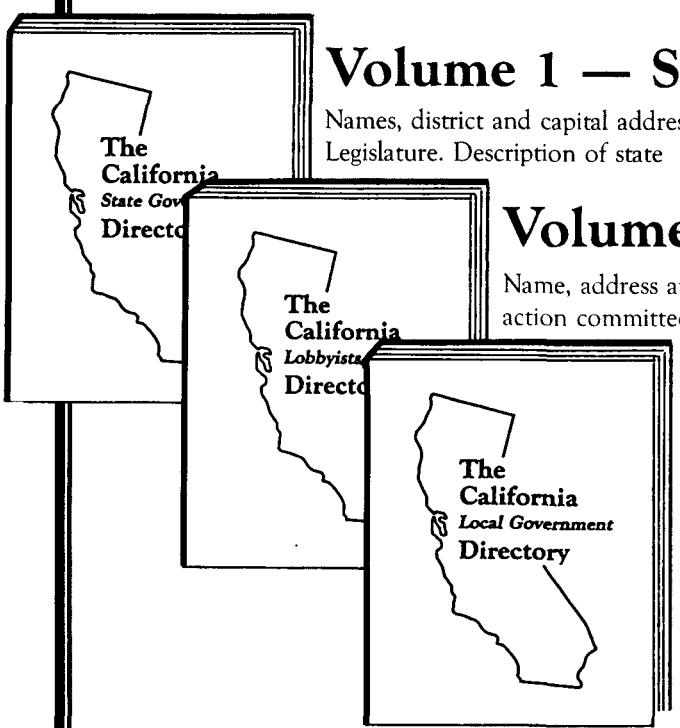

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Chancellor-designate Dr. Barry Munitz of CSU

Is there a boardroom takeover of academia?

By Tricia Reader and A.G. Block

Dr Barry Munitz, the new chancellor of the California State University system, has a long list of academic credentials. His resumé, on paper, is impressive. Munitz was chancellor of the main campus at the University of Houston from 1977-82. He served in several administrative positions at the University of Illinois from 1970-76. In addition, he taught for two years at the University of California, Berkeley, has doctorate and master's degrees in comparative literature from Princeton University, and a bachelor's degree in the classics and comparative literature from Brooklyn College.

But Munitz' academic credentials were amassed in another life. After leaving the University of Houston, he stepped away from academia and into the speculative and often-controversial world of corporate finance. For the past nine years, he has served as an executive with a bevy of Houston-based corporations owned by Charles Hurwitz, a modern tycoon whose empire was fueled in part by the machinations of junk-bond wizards Michael Milken and Ivan Boesky.

And it was the 49-year-old Munitz' corporate credentials as an administrator with negotiating experience — perhaps more than his academic background — that caused the CSU Board of Trustees to appoint him to head up the nation's largest university system. Munitz will be on

Tricia Reader is a California Journal *intern. A.G. Block is managing editor of the* Journal.

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board at CSU August 1st after completing his job as a top executive of several of Hurwitz' aluminum, lumber and real estate corporations.

Not everyone is enamored of Munitz' appointment, however. Although legislators have expressed a desire to work with the new chancellor, CSU faculty, staff and students have come forward with serious reservations about his corporate ties. They are concerned that for the past nine years Munitz has been a decision-maker for a business conglomerate responsible for, among other things, clear-cutting old-growth forests in Northern California and attempting to build a hotel in the desert on Bighorn sheep land. They are also concerned with Munitz' relationship to a failed savings-and-loan that had to be rescued by the federal government at a $1.4 billion potential cost to taxpayers. At his one public campus visit to date, Munitz was pelted with hostile questions and confronted by demonstrators who expressed doubt about his choice as chancellor.

"A colleague of mine told me, 'Don't be so hurried to get rid of [former Chancellor W. Ann] Reynolds; you don't know who you'll get,'" recalled Thaddeus Shoemaker, a professor of government at CSU, Sacramento. The Sacramento campus, the most politically active with regard to Munitz' appointment, has been the scene of petition drives asking trustees to reconsider their decision. Those petitions question Munitz' ethics as evidenced by his work for Hurwitz.

The top administrator at CSUS, however, President Donald Gerth, disagrees with the petitions. "I do not think the petitions are a good idea. We're at a point in the CSU when we need to pull together," said Gerth. "We need to get behind and give support."

Humboldt State University in Arcata is another CSU campus where Munitz' appointment was received less than enthusiastically. HSU is located near the Humboldt County forests logged by Pacific Lumber Company, taken over in 1985 leveraged buyout by the Hurwitz-owned Maxxam Incorporated. Munitz was vice-president of Maxxam, which expanded Pacific's clear-cutting of old-growth forests from 40 to more than 500 acres. Maxxam-controlled Pacific also borrowed from employee pensions to pay off a $795 million corporate debt amassed due to the financial manipulations employed by Maxxam to gain control of Pacific (see "Epic struggle over redwoods," *CJ*, March 1990).

Munitz acknowledges that as a Maxxam board member he voted to approve the Pacific Lumber takeover, but he said he reminded company officials to be cautious because environmental concerns were involved. And for that, he has been described as Maxxam's "voice of moderation" and the company's "closet environmentalist."

But corporate takeovers, a Hurwitz specialty, also helped build Munitz' reputation as a mediator. "Where there's been a takeover, a change in peoples' lives, there's nervousness. He's really good at calming the nervousness and getting people to work together," said Maxxam's president, John Seidl, during an interview with the *Los Angeles Times*.

While Munitz' connection with Hurwitz has CSU faculty and students concerned, legislators seem willing to

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By Richard Krolak

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give the new chancellor the benefit of the doubt. Even so public an environmentalist as Democratic Assemblyman Tom Hayden of Santa Monica, chairman of the Committee on Higher Education, seems ready to work with Munitz. "He has good educational values and is highly qualified," said Hayden. "I can't say more because he hasn't taken a stand on CSU." Hayden's primary concern is not Munitz' background but the fact that he won't be on board until August 1st and thus will have little participation in a state budget process where CSU faces a 10 to 20 percent cut. "Right now we don't have a permanent chancellor or the job. There are a lot of concerns and questions," said Hayden, citing problems with CSU's uncertain direction and overenrollment.

Hayden said he was curious why CSU trustees rushed the appointment of Munitz with little review from the Legislature, media or CSU faculty and students, but then won't have him on the job until after budget deliberations are completed.

Board chairman William Campbell explained that Munitz has been involved in all substantive decisions and has been kept informed of all important issues. But, added Campbell, "It's impossible to bring someone in who hasn't worked with the budget and ask him to work with it and make cuts." Campbell also said that the trustees wanted to give both acting-chancellor Ellis McCune and Munitz time to finish up their respective jobs.

Other lawmakers also have expressed a willingness to work with Munitz, and to accept the trustees' decision. For one, Assembly Speaker Willie Brown, an ex-officio member of the board of trustees, believes the CSU system has been in trouble for some time and it is therefore important for him to work with Munitz.

"The speaker's job right now is to support the leadership," said Brown spokesman Michael Reese.

Assemblyman John Vasconcellos, a San Jose Democrat who sits on the Assembly Higher Education Committee, also is ready to work with Munitz. Vasconcellos was impressed with Munitz after the new chancellor made a one-hour visit to the assemblyman, asking his opinion of issues facing CSU.

Vasconcellos said he has "no knowledge and no interest" in Munitz' background and only is concerned that Munitz use his leadership, among other things, to help CSU build its own identity and emerge from the shadow cast by the University of California. In addition, Vasconcellos said that Munitz and he talked about strengthening multicultural education, improving rapport with faculty and working relationships with constituency groups, as well as improving credibility with the Legislature.

Those who have met Munitz characterize him as bright and ambitious. He and his wife, Anne, who worked for the Houston Grand Opera, are popular Houston socialites, successfully entertaining in their duplex condominium. He's been described as a good listener, with good concentration and diverse knowledge. When Munitz interviewed for the position of chancellor, he impressed the selection committee with his articulate speech and down-to-earth demeanor. He spoke on a first name basis with committee members, insisting he be called "Barry."

"It's unusual to have that kind of informal interaction," said Aristide Collins Jr., a Hayward State University student who was selected by the CSU trustees to sit on the selection committee. "He lets people know their ideas are important."

"He has a firm education," said Collins. "He's worked with so many people in higher education; they are too numerous to name. He's like a prodigy in academia."

Says Campbell: "He has an openness without taking offense. There is no ego blocking it. He is not a person who will be in conflict with the presidents of the universities or other systems. They will follow him."

Munitz was selected to replace Ellis McCune, who has served as acting-chancellor since May 1990 when former Chancellor W. Ann Reynolds resigned because of public opposition to a 43 percent salary increase. Reynolds and other top administrators were given pay boosts after a closed-door session by trustees. Reynold's salary was bumped to $195,000. Munitz will receive $175,000 to lead the 20-campus, 369,000-student system. He will move into a million-dollar home close to CSU headquarters in Long Beach, receiving an automobile from the trustees' fleet and an entertainment budget. He will take a large pay cut from his previous $400,000 corporate salary. Munitz, who said he knew he would always return to higher education, was a candidate for the CSU job in 1982, when trustees named Reynolds. Munitz dropped out of the competition to work for Hurwitz. "I wanted to see how the other side worked," he said.

While Munitz' appointment is bathed in controversy, supporters say it comes at a time when the CSU system needs a strong leader who will have good ties with to universities as well as to the Legislature.

"I think he was a very good choice given what I think are important needs of the system," said Ray Geigle, former chairman of the system-wide Academic Senate and member of the chancellor's selection committee. Geigle is also a political science professor at CSU, Bakersfield.

Characterizing Reynolds' approach to the CSU system as autocratic, Geigle said that individual campuses need more automon, and should be saddled with "far less policy coming from Long Beach." Observers say Reynolds, who was dubbed "Queen Ann" for her imperious management styles, also damaged relations with the Legislature after the salary increase controversy.

Geigle believes that because Munitz

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is known nationwide in both academic and business circles, he will be able to strengthen the system during times of severe budget crises.

Munitz' critics, however, fail to see the positive side of his corporate experience.

Alan Wade, a social-work professor and member of the statewide Academic WSenate, says that he and his colleagues refer to the chancellor as "Madman Munitz," named after "Madman Muntz," who advertised electronics on television in Southern California.

Wade says Munitz' appointment "represents the worst kind of hangover from the Reagan years."

"It's a 'get-all-you-can-get (and get it now no matter who is hurt)' philosophy. The message is loud and clear," said Wade.

Thaddeus Shoemaker said the CSUS faculty involved in research is "fearful that the chancellor will have no sensitivity to scholarship." Shoemaker said the faculty is concerned that if Munitz pursues a stated goal of arranging for corporate backing for various university projects, professors will be obligated to perform corporate research and that results of such research will belong to the corporations.

"We don't mind money from an outside source," Shoemaker said. "But when you get a guy like this, there are all kinds of strings attached."

Citing Munitz' involvement as the "right-hand man" of Charles Hurwitz, Shoemaker said, "Hurwitz may have decided he wanted to own his own university."

Angus Wright, an environmental-studies professor and member of the CSUS Academic Senate, is concerned with Munitz' involvement in United Savings Association of Texas — a company which failed under his leadership and had to be bailed out by the federal government.

"There are very complicated questions. It is hard to see Munitz' role. But it is clear to see that he held positions of responsibility," said Wright. "I don't think we should be reaching for someone who's involved with questionable financial dealings to take as the leader of the institution."

Munitz was chairman and chief executive officer of United Financial Group, the parent company of United Savings. Because of the thrift's decline, UFG also fell into trouble. Munitz told *The Sacramento Bee* that the company faces bankruptcy because of a $534 million Federal Deposit Insurance Corporation claim against it which is currently not being pursued.

But Munitz' corporate experience has endowed him with assets as well as with liabilities. For instance, his reputation as a negotiator was solidified during a fight between another Hurwitz entity and officials in the city of Rancho Mirage over a luxury hotel and housing development. Lawsuits against the city council brought on by Hurwitz left Rancho Mirage Mayor Jeffrey Bleaman angry with Hurwitz. Although Munitz' job was to oversee the project, Hurwitz is said to have handled the finances and negotiations. Munitz reportedly worked out a deal with the city to allow the hotel construction to continue but to keep 1000 acres of land for a Bighorn sheep preserve. Bleaman was so pleased with the compromise, he recommended Munitz in a letter to the CSU trustees a day before his selection.

Pushing for Munitz' appointment was selection committee chairman J. Gary Shansby, a CSU trustee and well-known San Francisco corporate executive. Reportedly, the committee performed an extensive search of Munitz and found that Hurwitz — and not Munitz — was responsible for the failure of United Savings and for the takeover of Pacific Lumber.

"He has a superb balance of education and finance. Despite his association with Hurwitz ... Barry Munitz is very clean. [He] was not out sawing lumber trees ... he does not know Michael Milken or Ivan Boesky," Shansby told the *Hornet,* a CSU, Sacramento, campus newspaper.

Munitz said during a late April telephone interview that his first priority as chancellor will be to work through the system's budget crisis. His strategy is to incorporate private industry into the funding of CSU through research support, successful alumni support, and also by using corporate strength to back programs and projects of interest. He said his top priorities are promoting undergraduate teaching, improving the racial mix of students, linking CSU with the kindergarten through 12th grade system through teacher training and introducing the children to the idea of higher education and, finally, having an influential voice in the Legislature.

Responding to criticism from University of Houston faculty, who felt Munitz did not work well with faculty and did not spend enough time teaching classes, Munitz told the *Los Angeles Times,* "Obviously there are some faculty who can look at my background and say, 'Well this is a problem. This is not a person who has spent 20 years as a distinguished member of the faculty, of any faculty.' That's clearly true."

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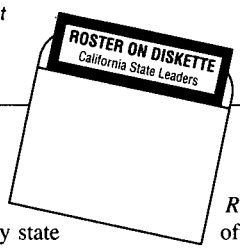

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Where fantasy meets reality

Will Sacramento become Disney's "never, never land?"

By James Richardson

The teachers have lobbyists. So do bankers and doctors, prison guards and podiatrists.

And now, so does Mickey Mouse.

Mickey — or, more precisely, The Walt Disney Company, the master image-builders of clean American virtue — has not hired just any lobbyist but Donald "Big O" BrOwn. His blue-chip client list includes the Summa Corporation, the Irvine Company and the California Manufacturers Association. He is one of the most effective — and expensive — lobbyists in the state Capitol. The California Political Almanac calls him a "juice player" — the quintessential lobbyist with inside connections backed by his client's campaign contributions.

And the "Big O" is working for Mickey. The cause: expanding the Magic Kingdom.

After years of building amusement parks around the globe, Disney wants to return to the land of its origins to build a sea-oriented amusement park in Long Beach and expand Disneyland in Anaheim — to the tune of $3 billion, with a new "Wescot Center" fashioned after Florida's Epcot Center.

James Richardson is in the Capitol bureau of The Sacramento Bee.

But things have changed in California since Walt Disney opened the doors at Disneyland in 1955. Anaheim is no longer filled with orange groves. The coastline is no longer wide open for the taking and California has loaded the books with environmental protection laws. There is more to building amusement parks than just finding imaginative engineers and artists.

This spring, planeloads of well-tailored Disney executives descended on Sacramento armed with maps, models and slick press kits. Disney brought aboard ex-state officials as consultants. And, after years of miserly donations, Disney in 1990 kicked in $95,000 in campaign contributions to statewide candidates and 80 legislative candidates — most of them incumbents. Disney has behaved in the time-honored tradition of a special interest in search of a bill.

Disney also went after a blue-chip author by enlisting the help of Senate Republican leader Ken Maddy of Fresno. One of the most skilled legislative tacticians in the Capitol, Maddy introduced what has turned out to be a highly controversial bill (SB 1062) to exempt Disney from a provision of the Coastal Act.

Disney proposes dumping rock and dirt in Long Beach harbor to create 250 new acres for its planned amusement

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park. Disney's problem is that the Coastal Act prohibits such fill except for legitimate port facilities — not for amusement parks. Disney's lawyers opined that they could probably spin an argument in Disney's favor — in essence, that amusement parks are legitimate port facilities — but with the potential of millions of dollars just in planning money devoted to the project, Disney did not want to take the chance.

Disney executives believed that their problem was not much more than a legal technicality, and they anticipated — erroneously — that the Legislature would fall all over itself in welcoming a new Disney park by fixing the law. After all, Disney has grown accustomed to having its way in statehouses. In 1967, as part of the deal bringing Disney World to Florida, the Legislature in Tallahassee granted Disney virtual governmental powers over its developments, with itself and a few others as the only voting members of the Reedy Creek Improvement District in Orlando.

Surely, the Disney executives figured, Sacramento would help bring tens of thousands of new jobs to the state and billions of dollars in new tourist business by waiving a nettlesome provision of the Coastal Act.

Port Disney's proposed DisneySea

But in the not-so-magic kingdom of California's state Capitol, Disney has run into trouble. Falling victim to its own self-image, Disney was startled to find that legislators were not exactly ready to let Mickey be the leader of the club.

There was more to Disney's troubles than the substance of the issue. Disney may well prevail but it will have made its battle needlessly difficult, some Capitol insiders believe, by its tactics.

Northern California legislators, particularly Democratic senators Henry Mello of Watsonville and Dan McCorquodale of San Jose, both Democrats, have been most vocal with their objections to punching loopholes in the Coastal Act. McCorquodale and Mello could not be taken lightly, but Disney did exactly that. McCorquodale chairs the Senate Natural Resources and Wildlife Committee, with jurisdiction over Disney's bill; Mello is a member of that committee and also sits on the five-member Senate Rules Committee, the clubbiest — and most powerful — panel in the Legislature. With legislative deadlines expiring, Disney has had to win

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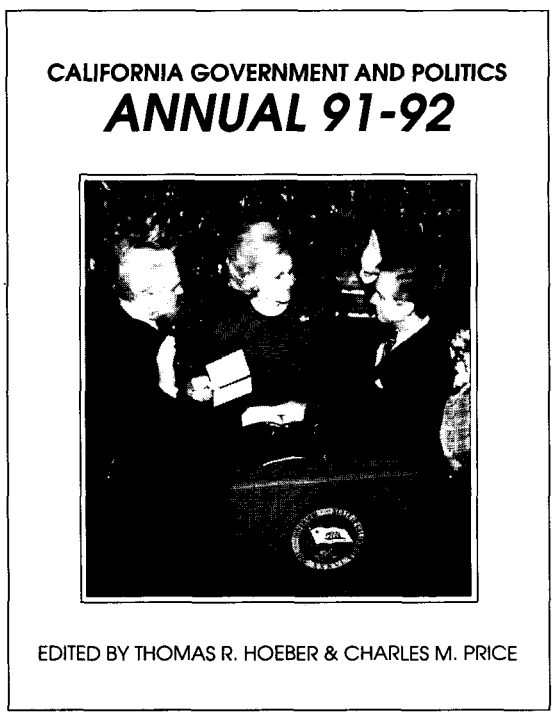

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rule waivers from the Rules Committee to keep its legislation alive.

"They are acting very heavy-handed and not doing their cause much good," said McCorquodale.

Opposing Disney was good district politics for the two Northerners. Legislatively approved exceptions to the Coastal Act do not play well in the environmentally hyper-conscious districts that they represent. Besides, Disney was not proposing any amusement parks in their districts.

"People in my area are concerned about a developer coming in and having their way with a project," said Mello, who has taken his share of flak for carrying bills to help developers. "The same thing can happen on our coastline... They are out trying to stampede individual members. They want to scare the [Natural Resources] committee into thinking we will lose the project unless they have their way."

Indeed, in the time-honored tradition of business interests with business in the Legislature, Disney executives have said that the Long Beach project will be scuttled unless it gets its way. Disney points out that it has amusement parks elsewhere; other states would love to have a Disneyland. The company has tried to win votes by wooing individual senators with promises of educational programs at the Long Beach park and other sweeteners. Disney has also pointed out that the water quality in Long Beach harbor is poor. Disney maintains it will recycle ocean water for a huge aquarium, enhancing nearby water quality, although it has not yet done any formal environmental impact reports on the plan to back up its claims.

Disney's troubles in the Legislature began at the outset. Although Disney enlisted Maddy, Maddy made it clear that Disney would have to do the heavy lifting on the bill. With mega-budget troubles on his platter, Maddy said at the beginning of the session that he would drastically cut his bill load. Bill sponsors could borrow his name but would have to do the work. Disney got Maddy in name only; it did not get the benefit of his considerable talent. And, perhaps sensing trouble, Maddy has kept his distance from the bill.

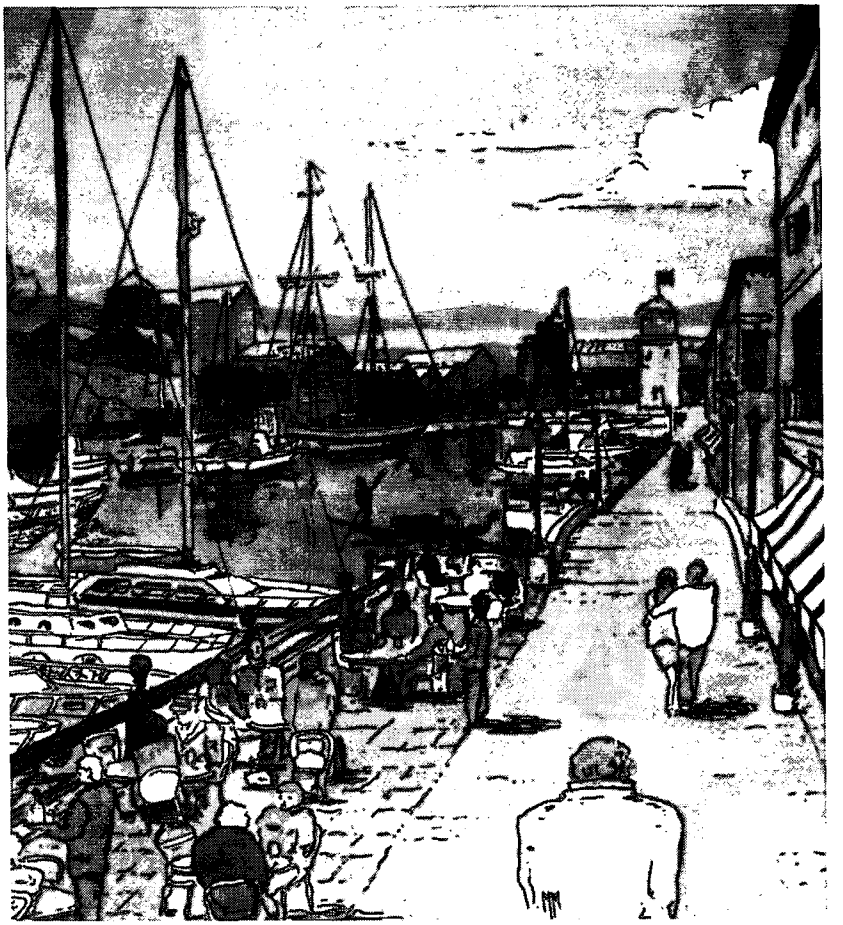
"I personally have been out of the loop," said Maddy. "I haven't worked the bill and I had no intention of working the bill."

When Maddy introduced SB 1062, it exempted all amusement parks from in-fill restrictions in the Coastal Act. The bill was written that way at Maddy's advice; he said he thought it would save the bill from having a special interest odor.

Then, taking the advice of its lobbyists, Disney decided to ignore environmentalists and tried to ram its bill through the Legislature. That tactic only turned skepticism into hardened opposition from environmentalists. The bill immediately sparked the opposition of the Coastal Commission and its director, Peter Douglas.

Wising up a notch, Disney began negotiating with Douglas, reaching a compromise on all but one major sticking point. Disney agreed to narrow the bill to the Long Beach project only; it agreed to abide by the most restrictive standards of the Coastal Act; it agreed to allow the Coastal Commission to place conditions on the Long Beach project as part of the approval process.

The one difference that could not be breached with Douglas was the basic issue itself: using harbor fill for an amusement park. Nonetheless, with agreement on all other issues, Douglas said he was not as adamant in his opposition.



Port Disney's public access International Port

But Disney was still not wise to the ways of the Capitol. It assumed that negotiations with the Coastal Commission amounted to negotiations with environmentalists — a breathtakingly flawed assumption. Meanwhile, a solid array of environmentalists were lining up against Disney. "They're asking the Legislature to take a serious bite out of the Coastal Act without anything in return," said Ann Notthoff, spokeswoman for the Natural Resources Defense Council.

Mickey Mouse also found an opponent in Sam Malone, the bartender on "Cheers" — or more precisely, actor Ted Danson — and an organization he is closely associated with, the American Oceans Campaign. The group hired veteran environmental lobbyist John White, who has represented the Sierra Club and other mainstream environmental organizations in numerous legislative battles over the years.

White maintained that within Disney there are two competing project groups. One group is working on the expansion plans for Disneyland and is attempting to get

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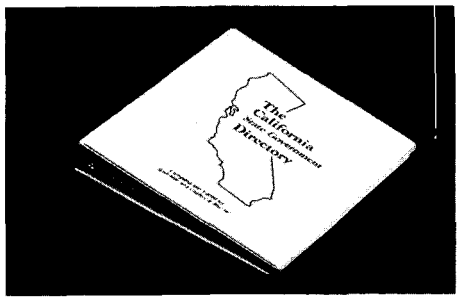

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Anaheim to help with major transportation improvements. The Long Beach project group, White theorized, needs a bill to keep the Long Beach amusement park alive. White further maintained that Disney is trying to use the Legislature to leverage concessions from Long Beach and Anaheim.

"If they get good deal out of Anaheim, they might not build the Long Beach project," said White.

Disney executives, who are generally stiff with the press — behaving as if they were in a court fight, not a political fight — bristle at the suggestion. "That's simply not true," said David Malmuth, vice president of Disney Development Company. But the Disney execs privately acknowledge that only one project will be built at a time; there just aren't that many creative geniuses to go around to build amusement parks.

Since its early stumbling, Disney has been communicating with environmentalists. Malmuth maintained the communication amounts to negotiations, but the environmentalists said Disney is doing little more than faxing them the latest versions of its plans.

The bill was set for consideration at the Senate Natural Resources Committee on three occasions this spring. Each hearing was canceled. Disney executives said they were taking advantage of the delays to iron out differences with individual senators. However, Mello said that Disney simply did not have the votes. Maddy said the votes were there, but it was a close call, so he thought it inadvisable to take a chance.

McCorquodale and Mello have been suggesting that, as the price of winning an exemption to the Coastal Act, Disney should be required to restore four acres of wetlands for each acre of rock and dirt dumped in Long Beach Harbor. So far, however, Disney has resisted the concept, saying the cost is too high.

Disney may well wrest its bill out of the Senate. However, even if it does, it is in for a battle royal in the Assembly. The Natural Resources Committee in the Assembly, where the Disney bill will land, is packed with environmentalists. The chairman, Democratic Assemblyman Byron Sher of Palo Alto, has authored some of the most restrictive environmental laws in the state and he is always loath to punch loopholes in any of them.

Democratic Assemblyman Tom Hayden of Santa Monica sits on the panel and he has been challenging Disney's claims behind the scenes. Another panel member, Democratic Assemblyman Mike Gotch of San Diego, a former member of the Coastal Commission, is anxious to polish his tarnished image with environmentalists after scraps with them as a San Diego City Council member.

Another Democratic Assemblyman, Lloyd Connelly of Sacramento, says he is open-minded but skeptical — but as one of the Legislature's leading environmentalists (the author of Proposition 65, the stringent toxic labeling and standards law), his vote is less than likely for Disney.

If it reaches the Assembly, Disney will be playing on the home turf of environmental lobbyist White, who was once the chief consultant to the Assembly Natural Resources Committee.

Nonetheless, Mello does not take Disney lightly, given its track record of ultimately prevailing wherever it goes. "When you're dealing with powerful people like Disney, they carry a lot of clout in places like this," said Mello.

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Reorganizing mental-health care — the counties take charge

By Kathleen Zimmerman McKenna

California lawmakers, after years of bleeding dry funding for community mental-health services, are stepping forward to stop the hemoraging by shifting control and money from the state to the counties. The plan, which hinges on successful enactment of a 1991-92 state budget, entails the biggest change ever in the relationship between California's 58 counties and the state government.

Assemblyman Bruce Bronzan, a Fresno Democrat and one of the chief negotiators who helped draft the proposal (embraced by Governor Pete Wilson in January), concedes mental-health services will still be grossly underfunded, but Bronzan says at least the current level of service will not continue to erode.

"It is not a panacea," said Bronzan. "It is not bridging the gap. It is not doing what should be done to mental health by any stretch of the imagination. But it is holding the line with a little bit of increase as compared to falling off the cliff, which is what they certainly are facing right now."

After years of suffering at the swing of the budget axe, newly elected Republican Governor Wilson arrived on the scene in January promising a more humane approach to funding of mental- and public-health programs for the medically indigent, even though, with a projected $14-billion shortfall, the state faced its worse deficit ever.

Taking a bold step, Wilson proposed a massive restructuring of 15 public- and mental-health programs totaling $2.1 billion that are run by counties but financed and overseen from Sacramento.

While helping out the state's budget woes by relieving it of $2.1 billion a year in expenditures, counties also are guaranteed proceeds from a half-cent sales tax increase and from the imposition of heftier vehicle license fees. Counties must provide some matching funds and will be given the right to seek voter approval for another half-cent increase on their own.

County officials breathed a sigh of relief at the prospect of complete control of programs and full funding to boot. Mental-health advocates saw an opportunity to radically reform the state's approach to treating the mentally ill. And Wilson basked in the bipartisan praise.

"This is the best hope the mental-health community has had in years," said Russell Gould, Wilson's secretary of health and welfare. "It provides stable funding and keeps them free of the vagaries of the budget process. They no longer have to fight education or other health programs for funding."

But what has emerged, after months of wrangling on the $745 million mental-health component of the realignment proposal, has not pleased everyone although the politicians finally signed off on the proposal. The final realignment bill package includes 300 pages on the transfer of mental-health programs — the thorniest component — with less than 150 pages for all the other public-health programs and revenue increases that will pay for them.

While taking care to praise Wilson's intentions, some mental-health advo-

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Kathleen Zimmerman McKenna is the Sacramento reporter for the Oakland Tribune.

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cates say they would rather no realignment take place if protections are not put in place to ensure that minimum standards of care for the mentally ill will be offered in all 58 counties.

"Nothing good is happening for the mentally ill and their families," complains Dan Weisburd, president of the California Alliance for the Mentally Ill. "We're in the midst of a stampede. The governor's intention is good ... But it would be impossible for me to say giving responsibility for the mentally ill to 58 counties is good. I don't think it is good. It will lead to chaotic and uneven services.

"... I'm really grateful we have a governor who's trying to protect funds for the mentally ill. But the funds are grossly inadequate and there is a great need for clear minimum standards."

Weisburd would rather have the state turn over administration of mental-health services to one strong central authority or allow for regional governance.

Even some supporters of realignment concede it will not answer the big-picture, mental-health-funding shortfall, but they argue that without it, the mentally ill will be much worse off.

"Realignment means the stabilization of funds for the first time in years," said Bronzan.

"What many in the mental-health community are so enraged about ... is that we are going to settle on the current crummy status quo level of funding for mental health. And that's true. But the reality today is: Can we avoid catastrophe? And this is a way of avoiding catastrophe."

Up to a half-million Californians are believed to suffer from serious mental illnesses, but only 135,000 are currently receiving treatment. Strapped for money, many counties serve only the most severely and chronically ill, and officials concede the rest often end up in jails.

"It gives a little light at the end of the tunnel," said Francis Dowling, acting mental-health director for Los Angeles County, of realignment, "It gives us stability which we haven't had."

Los Angeles County treats 62,000 severely and chronically mentally ill residents each year, far below the more than 90,000 who used to receive treatment on an annual basis before budget cuts forced the county to limit care to the worst cases.

"There are a vast number of people who could use services, and we're not able to reach those people." said Dowling. "Look in our jail. Los Angeles County jail is the largest home to the mentally ill. On any given day, 3300 out of 23,000 can be classified as having mental illnesses. Had they been getting treatment, they might not have run afoul of the law."

Mental-health advocates want the state to require counties to provide food, shelter, medicine and treatment to the mentally ill.

"If there is not some kind of accountability, the county that does a better job will have clients drawn to it from all over," said Richard Van Horn, of the Los Angeles-based Mental Health Association. "... The mentally ill are ill — not dumb."

"They say, 'Trust us.' Why should we?" asked Weisburd. "There's a history of California shirking its responsibility to the mentally ill."

Bronzan said the state is hesitant to impose standards that could be construed as a mandate (beyond those already required by the federal government), giving the counties a way to come back to the state for additional money if funding proves inadequate.

A minimum array of services will be required and counties will be evaluated on how those fared who sought treatment, rather than just looking at the numbers, Bronzan said.

"It's tricky to do all this and still avoid the unfunded mandate issue," he said. "You can't do everything in realignment. Realignment can't be everything to everybody. There's been so much desperation in this field for so long that when something like this comes along that does have the opportunity to do some things, it raises people's expectations and their anxiety and their frustration about how totally screwed up things have been for so long ..."

Weisburd is more than an advocate for the mentally ill, he is the frustrated father of a 30-year-old son who, 11 years ago, abandoned his bright future at Harvard University after realizing he was mentally ill when he began hearing voices in his head and imagined the football team, buck naked, was chasing him down the street. His son now lives in a board-and-care home, but after stays in 27 hospitals and talking to 32 psychiatrists, his mental health has not improved.

Weisburd said the state of most mental-health services is so poor that, "When you try and hospitalize someone, because the person is suicidal, you're asked, 'Well, how suicidal?'"

The deinstitutionalization, launched under former Governor Ronald Reagan that resulted when laws were passed to make it tougher to commit people to state hospitals, started the decline in mental-health services.

"We basically shut down that system and we gave counties absolutely nothing to care for those people," said Bronzan. "We just dumped them, the most severely mentally ill, with no money, no facility. Simultaneously, we started strangling their general community mental-health funds, giving them less and less while we were at the same time dumping on them the most severe mentally ill with absolutely no funding. That double whammy devastated the mental-health system."

San Diego County mental-health director Areta Crowell agrees realignment has to be a major improvement to the existing system.

"We shifted to a partnership with the state more than 20 years ago," said Crowell. "The problem was it wasn't equal and led to a lot of finger-pointing. With the regulations necessary to maintain Medicaid, there will be enhanced. We are very grateful to governor."

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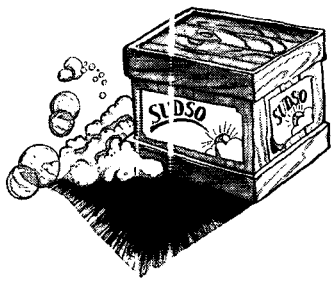

SOAPBOX

Regionalism

By Richard Ross

Some government experts and elected officials are promoting regionalism: vesting a new layer of government — up from local and down from the state — with fresh authority over regional problems such as growth, transportation, and garbage. Once again, political leaders appear to be going in one direction while the public moves in another. There is evidence that voters may be moving toward more localism; they seem willing to confer more power on cities, counties and local school districts.

Political consultants may not be experts on governmental theory. But we do pay attention to how the public behaves. It's our job to interpret voter behavior. Sometimes correctly. Sometimes not.

As a political consultant who has studied polls and election returns during the last 18 months, I see a turnabout in the 13-year shift of power from local to state jurisdiction. This reversal stems from the governmental system that has broken down. Here's how it happened.

A by-product of Proposition 13's passage in 1978 was a transfer of power to Sacramento. It wasn't a power grab. In the face of massive cuts in locally generated property tax revenue, the Legislature confronted the formidable task of patching things together quickly in order to maintain vital services. Overall, lawmakers did a good job of keeping things running — for a time.

But the stopgap restructuring that followed created a tenuous foundation for state finances. Despite efforts at maintaining the post-Proposition 13 government through annual tune-ups, basic flaws — that produced the current $14.3 billion budget shortfall — have convinced most observers that major changes are overdue.

Recipients of state funding couldn't wait for a systematic overhaul; they needed immediate relief. Many adopted creative strategies to survive in the post-Proposition 13 era of limited revenues.

Political pundits love scapegoats. The latest candidates for blame over the budget crisis are teachers and the minimum school funding provisions of 1988 voter-passed Proposition 98. Yet teachers are only the latest of a number of influential groups that took matters into their own hands.

In 1984, city governments pleaded their case to legislators and Governor George Deukmejian. They succeeded in winning approval for a ballot proposition that raised vehicle license fees by $2 billion and dedicated that money exclusively to city governments.

Building and transportation interests sought and finally won an exemption of the gasoline tax from the Gann limits that restrict state spending. In effect, it meant that funding for their transportation programs would no longer be on the state budget bargaining table.

Counties — which are legally bound to provide residents with basic services — were left to deal with higher demands for assistance and less money with which to meet them. When budgetary strains reached the breaking point, state laws were passed allowing county governments to raise revenues: 1/2-cent sales tax hikes, new utility taxes, and charging cities fees for county services.

New local taxes helped California limp along for a little while longer. But each year, one essential reality didn't change: State revenues didn't grow as fast as demand for services. At some point, it would begin to come apart. The recession pushed us over the edge.

Over the last decade, as the financial structure deteriorated, each quick-fix solution to each year's fiscal crisis left state political leaders with less discretionary power. With less power, there was less ability for the state to respond imaginatively.

As government became less effective, public disenchantment grew. Two state senators convicted of political corruption charges convinced many voters that "they're all crooked." How to reverse this trend is the paramount challenge facing elected officials.

The current swing towards regionalism has its origins in state government's declining power and public discontent with makeshift solutions. Although the roots of the dilemma spring from defects with the decision-making process at the state Capitol, advocates of regionalism take a leap and argue incongruously that a host of complex problems that the state isn't addressing can't be solved at the local level either.

But the political evidence suggests people believe they will be better served with more localism, not regionalism.

In the wake of the unprecedented rejection of 22 out of 28 state ballot propositions in November, many pundits argued this meant that Californians are unwilling to spend tax dollars on solving problems. While 80 percent of the often complex and confusing state ballot proposals in the fall were killed,

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83 of the 115 tax- and spending-related measures on local ballots received majority votes.

If money wasn't why voters rejected the state initiatives, perhaps it was that they are more inclined to lend their support to propositions at the local level.

Does this mean state government is irrelevant? Not at all. Polls show that solid majorities of voters will continue turning to the state for the things they think it does best. In a recent survey, 85 percent of the electorate said it thinks the state should ensure equal opportunity in such areas as jobs and housing. Preserving the environment — from coastline protection to pesticide control — should be a state function, according to 77 percent of the voters. And voters will keep looking for Sacramento to regulate business (76 percent), keep criminals in prison (83 percent), and build freeways (76 percent).

Most politicians have good intuition. But sometimes they get into trouble by ignoring it. Many officeholders are jumping on the regionalism bandwagon. A logical case can be made for it intellectually. But one budget solution increasingly backed by lawmakers from both parties is turning some key state programs and taxing powers over to localities. Politicians know intuitively that this is what voters want to see happen.

In his State of the State message in January, Governor Pete Wilson announced support for allowing a majority-rather than a two-thirds-vote to authorize the sale of local school construction bonds, evidence of where he thinks people are moving. Now there is talk of easing the two-thirds requirement for voter approval of local jail construction financing.

Shedding some powers to tax and spend, and turning over some programs to local government, could free the state to pursue policies that once again set standards for the nation.

State legislators would also probably be better off. They would no longer have to endure local politicians whining about how everything in Sacramento is broken. With reapportionment on the horizon, all lawmakers will soon be representing people they don't represent now. Why wouldn't state politicians be willing to share power with the people most likely to challenge them: local politicians? Let the locals share more of the responsibility — and accountability — for raising and spending tax dollars.

The most important recent contest over regionalism occurred in Sacramento, which is now California's bellwether county for political trends. Last fall, voters there killed a proposal to consolidate city and county governments. It was a comprehensive plan that was painstakingly drafted by a respected blue-ribbon commission. It was backed by most of the political establishment: nearly all elected officials from the mayor and county sheriff to most members of the City Council, the Board of Supervisors, and the county's state legislative delegation — plus the *Sacramento Bee*, organized labor, the Chamber of Commerce, and environmental groups.

Yet, selling the public on the idea that bigger is better just didn't work. With the defeat of consolidation, community activists continue pushing in the opposite direction — for more localism — by moving to incorporate the suburbs of Citrus Heights, Rancho Cordova and Elk Grove, which was the impetus behind the city-county merger effort in the first place.

There is no evidence that voters will accept new layers of government no matter how many blue ribbons are placed on it by college professors and business round tables. People do expect local officials to organize themselves on a regional basis to resolve regional issues. But they're not sure that extra bureaucracy is needed to do it.

Yet the public is still ambivalent about localism. Voters are frustrated with state government's seeming paralysis. The declining stream of state revenue has forced more segments of the population — such as building and transportation interests, and teachers — to seek ways of escaping the underlying hypocrisy of politics: People want, demand, and believe they deserve more than that for which they are willing to pay.

When it comes time to pay the bills, voters may change their minds. Not long ago, I was outlining the shift towards localism in a speech when a man from the audience said: "Wait a minute. If the federal government is going to shift things to the state and the state is going to shift things to local governments, then it won't be long until it all gets shifted to us, the people."

"That's the point," I responded. "It's your kids in the schools, your car on the streets, your garbage at the dump."

To be frank, even I am not sure whether I'm writing these things because I believe they're correct. It could just be that this political consultant, who grew up on Staten Island, has a jaundiced view of regionalism.

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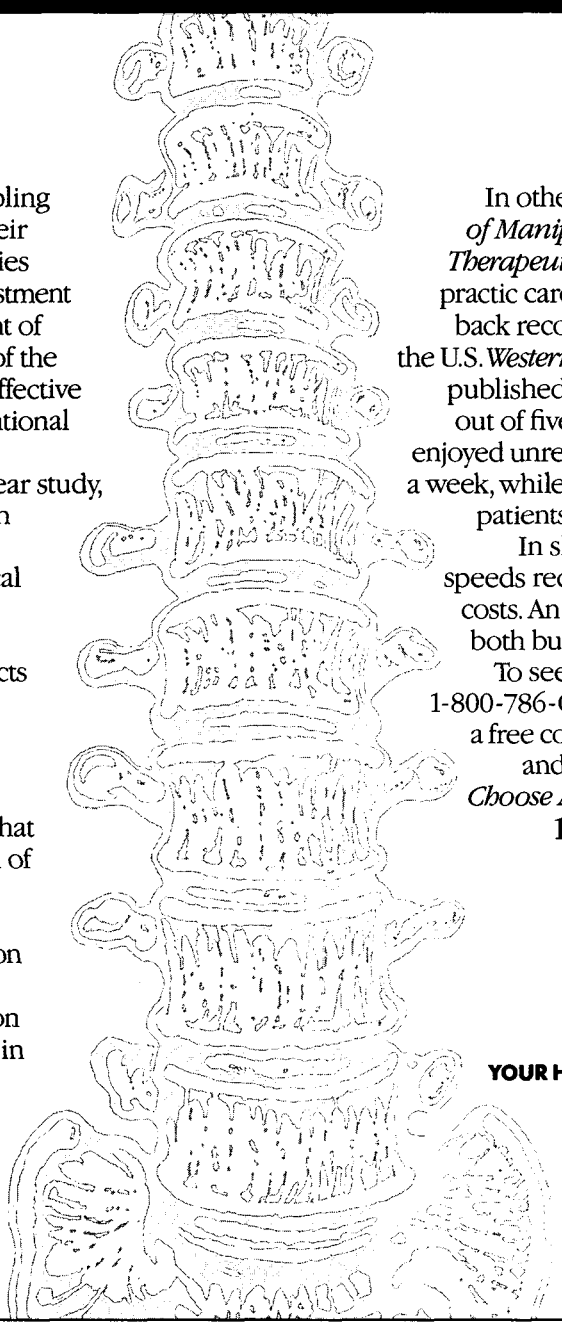

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WASHINGTON PERSPECTIVE

By LARRY LIEBERT

Doolittle in Washington

John T. Doolittle had some seniority and some standing after a decade in the California state Senate. The fiercely conservative Republican was chairman of the Senate Republican Caucus and a favorite of the gun lobby and anti-abortion groups.

BUT DOOLITTLE WAS HARDLY THE TYPE TO retreat into timid anonymity when he took office this year as a brand brand-new member of the United States House of Representatives. "I knew I had to start over again," he said in a recent interview. "Being a freshman is not a problem except in the freshman's mind. You can do what you need to do here, and the only thing holding a person back is the person himself."

As if to prove the point, Doolittle has already been propelled into a leadership position in the California Republican delegation in the House. Hoping to make the best of his connections in Sacramento, his California GOP colleagues elected him the chairman of their crucial committee on reapportionment. Even more audaciously, Doolittle took the post as part of a *coup de caucus* by hard-line conservatives who ousted more moderate veterans Jerry Lewis of Redlands and Bill Thomas of Bakersfield from leadership posts in the delegation.

"I felt my talents could be utilized," said Doolittle, who succeeded Norm Shumway representing the 14th Congressional District in largely rural northeast California. "I had just come from the Legislature. I knew all the key players, and I felt that, at least for reapportionment, I would be well-equipped to assist in that effort."

But one of Doolittle's first moves created more discord than communication. He proposed hiring Jerry Zanelli, the former top aide to Senate President pro Tempore David Roberti, to serve as a paid reapportionment representative for California House Republicans. The move was dropped after it drew outrage from state Republicans, including those close to Governor Pete Wilson. Doolittle's critics invoked images of incumbent Republican House members cutting a cozy incumbent protection deal with Democratic leaders of the Legislature when it came time to draw new district boundaries.

"Zanelli was going to be under contract to be my staff assistant to follow up on details of my conversations with the Democratic leadership in Sacramento," Doolittle said. "That's all that was about. That was premised on the belief that reapportionment is a legislative activity, and when reapportionment is controlled by the Democrats, you have to talk to the Democrats."

Doolittle scoffed at speculation that the Republicans in Congress cared only about protecting their own districts, noting that there will be plenty of Republican-dominated districts to go around as California gains at least seven new House seats because of population growth. Instead, Doolittle said he and his California House colleagues have been rebelling against the Republican establishment's plan to depend solely on state and federal courts to protect the party's interests in reapportionment.

As Doolittle sees it, Republican Party professionals in Washington and the Wilson-led GOP organization in California believe they would be in better position to challenge a Democratic-drawn reapportionment in the courts if they avoid any effort at compromise that could be cited as a sign of bipartisan cooperation. "I'm surprised by what I view as a very risky strategy of, in essence, choosing the court strategy as the first line of defense," Doolittle said. "That's a formula for failure. We shouldn't be any more excited to go into court than the Democrats."

Like some other Republican conservatives, Doolittle is also sharply critical of the national party's vaunted effort to help racial minorities win new congressional districts. The strategy is designed to drive a wedge between minorities and their normal Democratic allies and also to make white Democratic incumbents more vulnerable to challengers by draining off many of the reliably Democratic minority voters from their districts.

Comparing the technique to the racial hiring quotas that conservatives have been busy attacking, Doolittle said, "It's a totally cynical effort on the part of those in our party to attack a Democratic plan because it doesn't gerrymander enough seats." Philosophically, Doolittle has found a home in Washington as a new recruit to the "Conservative Opportunity Society" — the younger, more aggressive GOP faction led by House Republican Whip Newt Gingrich of Georgia. Every Wednesday, Doolittle said, he attends a breakfast gathering of his new political fraternity. "I'm probably as conservative as anybody around here," he said.

In fact, Doolittle does little to hide his concern that the Republican Party has turned toward mushy moderation — on taxes, abortion, gay rights, and the environment — under its leaders in both Washington and Sacramento.

"WE NEED A VISION," DOOLITTLE SAID. "What is the Republican Party in the era of George Bush and Pete Wilson, following Ronald Reagan? What does the Republican Party stand for any more? I think this country is morally adrift right now."

Although Doolittle is clearly enjoying his new venue for conservative struggle, he is surprisingly nostalgic for the less frenzied pace of legislative life in Sacramento. "In the [state] Senate, there were only 40 of us. And our state Legislature, much maligned as it has been, I think has some strengths," Doolittle said. "It's a more deliberative body in some ways. You all sit on the floor, you hear the debate. Here, you're not all present for debate. It goes on for hour after hour, and occasionally there's a vote and you head on over. Sacramento fulfills much more what people imagine a legislative body does."

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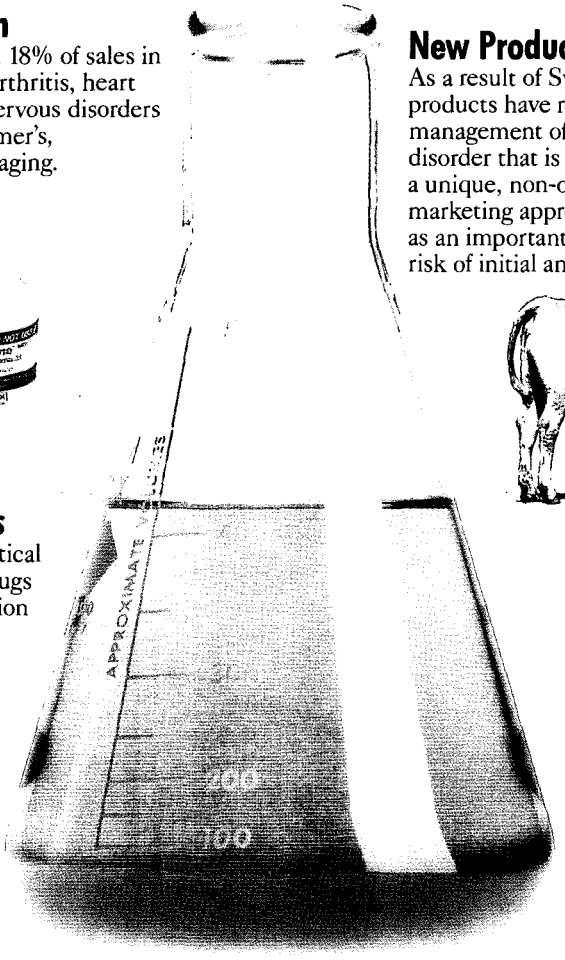

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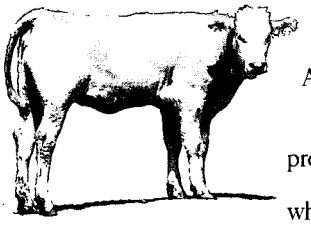

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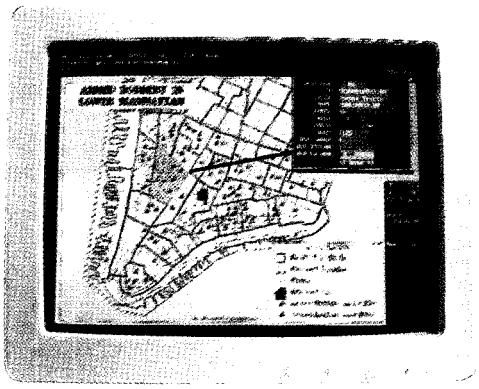

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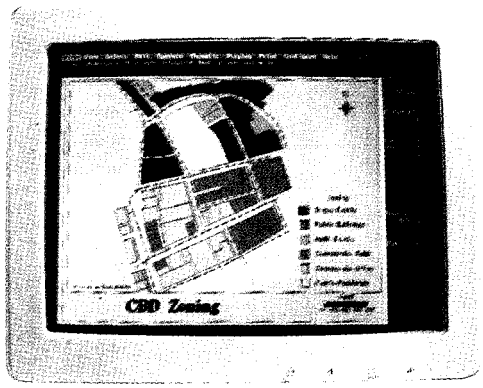

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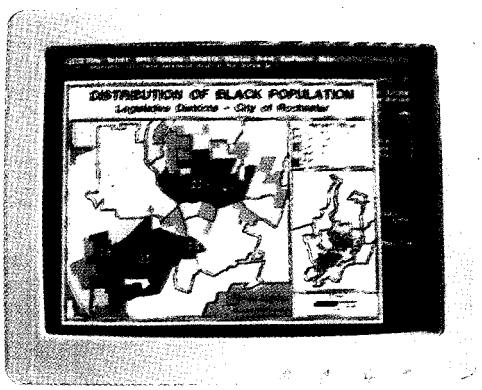

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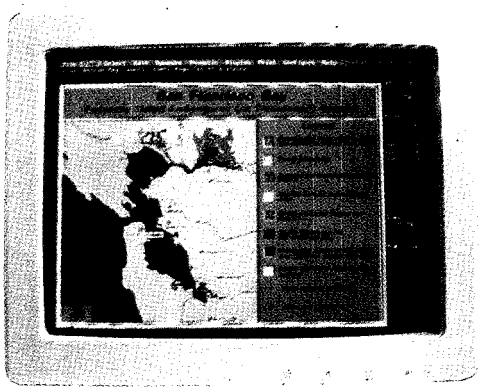

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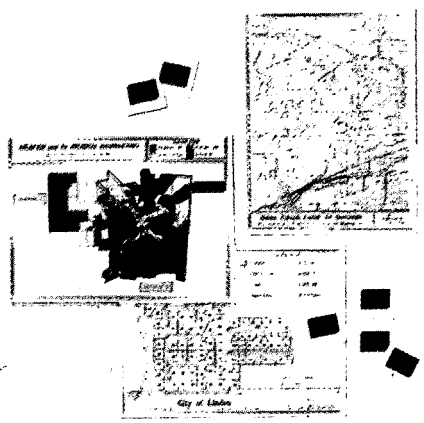

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